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INTER-AMERICAN AFFAIRS

GODEFROID TCHAMLESSO ON U.S. BLACKMAIL IN CARIBBEAN

Havana PRISMA LATINOAMERICANO in Spanish Mar 80 pp 60-61

[Article by Godefroid Tchamlesso: "Blackmail in the Caribbean"]

[Text] IMF Refuses Credits Already Granted

"There is no way to pass the tests of the IMF."

Jamaican Prime Minister Michael Manley stated this at a press conference just before leading a multipartisan mass rally marking the third anniversary of the overwhelming electoral victory of the People's National Party in 1976.

During the ceremony held in the northern resort of Montego Bay, Prime Minister Manley calmly and openly explained to the Jamaican people the economic problems that the country will face this year.

These problems will increase since the government is encountering major obstacles in getting the IMF to grant it part of the credits negotiated last year in Washington.

In 1979 Jamaica was faced with a number of unusual expenses which, according to the criterion of the IMF, violate the requirements established by that institution.

Manley pointed out that the country had to pour tens of millions of dollars extra into oil purchases and food whose price has noticeably increased in the western markets.

The prime minister said that this greatly affected the already chronic shortage in foreign reserves.

The fall of the dollar was another of the factors cited by the Jamaican leader as one of the external blows that affect Jamaica's economic crisis.

He reiterated that international inflation decreased the foreign reserves in the country although, according to the IMF, this sector must not be affected under any circumstance.

He indicated that these situations are used now by the IMF to refuse to give Jamaica part of the \$260 million granted as special credits for its economic recovery. Jamaica had negotiated for 3 years for this.

The IMF's decision against Jamaica creates new problems for the government which was notified last December.

The country is beset by a gamut of complex problems. For example, Manley lamented the fact that between 60 and 70 percent of the national budget is allocated for emoluments and wages for public administration and the government.

Brzezinski and His Hawks

This is the second time that the IMF has called Jamaica "unsuitable" to use its credits. Curiously it always occurs at the end of the year when the government has already planned the use of such funds.

It is also suspicious that the IMF's refusal coincided with a slander campaign against Manley's government mounted by the Jamaican Labor Party under Edward Seaga. He is alleged to have strong ties with the U.S. Embassy and the CIA.

According to a recent report published in Washington by the LATIN AMERICAN WEEKLY REPORT, Seaga is "the principal source of U.S. intelligence" in Jamaica.

That report indicates that Seaga maintains close relations with the U.S. State Department and with rightist members of the U.S. Congress. He gives them reports on Jamaica.

By echoing the "hawks" closely tied to the national security adviser, Zbigniew Brzezinski, and Republican Senator Richard Schweiker, the U.S. press also contributed to the attempts to discourage any type of aid for Jamaica.

In his hostility toward Manley's government, Schweiker went so far as to ask the U.S. General Accounting Office to suspend any type of financial assistance to the Caribbean island.

Among his arguments, the senator evoked the progressive direction of the policy of Manley's government as well as the speech given by the prime minister during the Sixth Summit of the Nonaligned Countries held in Havana in September 1979.

Schweiker considered both examples signs of Manley's alleged hostility toward the United States.

At the end of last year, Richard Hart, an old Jamaican politician who lives in London, summarized U.S. strategy against Jamaica in statements made to the Kingston DAILY NEWS.

Hart explained that, at the beginning of 1976, the United States, in a type of holy alliance with the ultraconservative elements of Jamaica, thought that the best way to curb Manley's progressive policy was to apply a line of terror, fear and destabilization as it did.

Nevertheless, facing the unity of the Jamaican progressive forces and their loyalty to Manley, the United States proved that the CIA procedure had counterproductive effects.

Although the CIA retreated somewhat, it continues working from the shadows, waiting for the opportunity to initiate a more active participation.

According to Hart, the IMF policy toward Jamaica has special significance since economic coercion is the means the United States is using now against Jamaica to achieve the same results the CIA aimed at with methods of terror.

The credit restriction, insistence on the application of a monetary devaluation program, price freedom and wage control, the reduction of state participation in enterprises as well as the elimination or decrease of social expenditures are the main part of the IMF requirements in exchange for credits.

The United States unquestionably feels that, at the present stage, the application of these measures is sufficient to subdue Jamaica, a small island eagerly seeking the road to integral emancipation.

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CSO: 3010

INTER-AMERICAN AFFAIRS

CHILEAN, ARGENTINE CHURCHES APPEAL FOR PEACEFUL BEAGLE CHANNEL SOLUTION

On Vatican Anniversary

PY051545 Buenos Aires LATIN in Spanish 2318 GMT 3 May 80

[Excerpt] Santiago, Chile, 3 May (LATIN)--The Chilean and Argentine Catholic churches today appealed to all Christians to do everything within their power to achieve a peaceful solution to the Beagle Channel dispute. A communique issued here today signed by Chilean Bishop Jose Manuel Santos and Argentine Cardinal Francisco Primatesta notes on the first anniversary of the Vatican mediation in the dispute that Pope John Paul II will not hand down decisions. He will give advice to achieve a solution that will satisfy the two parties involved in this delicate issue.

It has been announced, furthermore, that both Bishops will celebrate a joint mass during the Corpus Christi religious ceremonies, and that to reassert their commitment in the achievement of a peaceful solution, both will elevate the image of the Virgin Mary in the southern region in gratitude to "our lady of peace."

Ministry Statement

PY070245 Santiago Chile Domestic Service in Spanish 0000 GMT 7 May 80

[Text] The government has expressed its satisfaction regarding the call for peace made by Argentine and Chilean Archbishops. In a document released by the foreign ministry it refers to the call for peace made by Argentina and Chilean Archbishops on the occasion of the first anniversary of Pope John Paul's mediation.

In a statement the foreign relations ministry points out that the country will continue to cooperate as much as possible with the August mediator in order to attain the just, honorable and definite decision which is awaited with full confidence by our people and leaders.

CSO: 3010

ARGENTINE JOURNAL REPORTS ON MARTINEZ DE HOZ TRIP TO BRAZIL

Martinez de Hoz on Domestic Issues

Buenos Aires CLARIN in Spanish 15 Apr 80 p 11

[Article by special envoy Daniel Muchnik: "The Domestic Front"; passages in slantlines printed in boldface]

[Text] Rio de Janeiro, 14 Apr—Surrounded by the top directors of the Central Bank and facing a large Argentine private delegation, Jose A. Martinez de Hoz reported on the country's burning domestic issues and its foreign relations.

At the start of his talk, the minister noted that the three topics were doubtless hot issues because they reflect the natural concerns of the foreign guests at the IDB congress with regard to Argentina's future. "We must present," he said "our partners in the discussion with an image of solidarity between the private and the public sectors."

Martinez de Hoz dealt with the embargo announced by the United States in the following manner: /"We do not believe in economic sanctions for political reasons. Time will prove us right. And the evolution of the grain markets will not contradict us./ Argentina could not change liberalization of the grain trade overnight by imposing controls. Moreover, the effects of controls cannot be precisely foreseen. Who could have been certain that the Soviet Union would not buy shipments we made to the port of Rotterdam solely for Western Europe? The United States cannot say that we belong to the same bloc. During the Caribbean crisis in 1962, we knew how to react and Argentina was on the spot with two destroyers."

He added: "Some want to regard Buenos Aires' rapprochement with Moscow as an attack. However, the recent Joint Committee meeting had been planned as early as a year ago. What is happening is that the structure of Argentine trade is multilateral. Because of this our trade balance deficit with the United States is a usual occurrence (these days, it amounts to \$1.3 billion).

"We must cover this loss with the surplus from the traffic which trade with the East will result in. It is Eastern Europe that will offer us the indispensable hard currency for us to handle our relations with the United States.

He repeated: "Shipments to the Soviet Union cannot be inventoried. Only those purchases officially made by the state agencies responsible for them are recorded."

He felt that: "The countries that have stuck to the grain embargo have no grain stores available. Europe has not stopped carrying out its obligations in terms of deliveries of provisions and machinery to the Soviet Union."

Continuity

Going on to his second topic, Martinez de Hoz said, as he had on previous occasions: "Continuity of our economic policy is assured. This is so due to the unanimity prevailing among the Armed Forces. In their latest speeches, the three commanders mentioned this point."

The minister added other views: "The inflation rate, which has been a subject of concern, is now dropping. It suffices to examine the trends of the last quarter of 1979 and the first quarter of 1980 and to compare them with earlier periods. We are leaving behind human relief teams, which we have trained, for those that follow in the wake of our government policy so that they can be appointed by the authorities next in line."

The Financial Picture

Jose A. Martinez' hopes were outlined for the audience that was listening to him toward the end of the conference expressly convoked by the directors of the Central Bank. Discussed by the broadest majority of banking and financial leaders, the ministerial report on the liquidation of the BIR and the consequences thereof was highly significant.

At cocktail parties and in off-the-record dialogues, this was the important issue attacked by their American and European colleagues.

Martinez de Hoz passed judgment on it: /"There is nothing new in all this. What has happened is nothing more than rigorous adherence to the law. Therefore, I say that the Argentine financial system has emerged strengthened and determined to promote the growth of production. This liquidation should serve as a model in which all can have confidence. The episodes are anecdotal. The 'time' the process took, whether we should have acted sooner, may be questionable or not. It so happens that the public, surprised by the measure, was not aware of the change in the rules of the game. The fact is that we are shifting from nationalization to a freeing of the market."/

With particular emphasis, he pointed out: "nevertheless, the freedom we have granted must be responsibly exercised. This is what success teaches us./ At first, we thought that the institution could get out of the situation it was in on its own. Then we realized that this was impossible./ In liquidating it, we are adhering to the rules indicated by prudence. The receivers will deal with the debtors with a great deal of understanding. There is no reason why this should produce any "domino effect" in the Argentine market. Nevertheless, his listeners asked the minister: "We would like to know: Will things continue in this vein?"

Martinez de Hoz replied: "If there is an irrational panic brought on by competition or a wave of rumors, something could happen. If the banks, on the other hand, behave sensibly and do not spend their time fomenting uncertainty, nothing will happen. None of us is interested in the fall of the financial system. A crash of such magnitude could only open the way for a few politicians who anxiously desire chaos. Everything will calm down," he assured them.

There were no more questions. /The minister publicly disavowed a report presented to him confirming an eventual total modification of the financial institutions law./ On finishing his report, asked about it by reporters, the finance minister said that he had faith in the effectiveness of his policy, noting that it could in part be modified. As already anticipated by CLARIN, Martinez de Hoz will make use of his stay in Rio de Janeiro to evaluate with Minister of Planning Antonio Delfim Netto trade possibilities between the two countries and the agenda of topics to be covered during President Joao Baptista Figueiredo's trip to Buenos Aires.

A meeting between Martinez de Hoz and Delfim Netto is scheduled to be held sometime during the next few hours. If they do not succeed in "carrying out their action" in Rio, Martinez de Hoz will fly to the capital in a private plane. In Brasilia, it is virtually certain that Martinez de Hoz will engage in a "private" dialogue with Figueiredo.

/The official Argentine delegation has leaked to the press that Brazil has no alternative to solving the problem of its integration into the continent but a "good arrangement" with Buenos Aires.

/As it stands, the LAFTA organization is inoperative. Either its basic ideas and strategies should be reformulated or Brasilia and Buenos Aires should conclude a specific, bilateral trade agreement in which all the details of the issue are spelled out./

What will the "arrangement" consist of? We may anticipate that it will begin with a /broad industrial agreement/ which the presidents of the two countries should sign in May. Brazil and Argentina would charter ships jointly to ship their products abroad. The agreement would probably consist of /joint ventures/ in the construction of specific airplanes, in telecommunications, in data processing and in the exporting of iron ore for "pelletization" in Argentina.

Figueiredo Receives Martinez de Hoz

Buenos Aires CLARIN in Spanish 17 Apr 80 p 14

[Article by special envoy Daniel Machnik; passages in slantlines printed in boldface]

[Text] Brasilia, 16 Apr—Among the main reasons for Jose A. Martinez de Hoz' arrival in the Brazilian capital at noon [today] were to discuss matters with President Joao Baptista Figueiredo and with Minister of Planning Antonio Delfim Netto. He visited with the former in the late afternoon during a heavy downpour. He contacted the latter barely after his arrival in a session described as a "working lunch."

The adjournment to Brasilia, at a time when the lights of the IDB conference in Rio are slowly going out, can be explained in terms of the fact that the minister of economy /is trying to expedite the details of a trade agreement which Figueiredo will sign when he goes to Buenos Aires in mid-May, accompanied by a large group of officials and private businessmen/.

We should perhaps point out that Brazil is the nation most interested in speeding up the signing of the agreement. It is seeking to make the most of the current situation in Argentina, an opening of the economy which will facilitate favorable marketing of its industrial products at a time when here different sectors /are experiencing dangerous levels of unemployment/. Limited by a low domestic demand, its private-sector representatives are interested in promoting joint ventures with Argentine companies, with Buenos Aires holding the controlling interest in the management of these ventures. This idea is catching on among business leaders from Sao Paulo and Rio who deal in capital goods, especially those in the fields of household appliances and telecommunications.

The private-sector delegation that attended the IDB conference — bankers, industrialists and representatives of the housing sector like Horacio Gimenez Zapiola, Jr. and Horacio Ricardo Bustos, vice president and general manager respectively of the Gimenez Zapiola Housing Company — is also concluding its business in Rio.

Brazilian Situation

The discussions Martinez de Hoz is engaging in are taking place under unfortunate circumstances for Brazil. A package of measures (the popular term is "pacote") entered on the agenda lays a heavy burden on finances. With a persistent trickle, inflation and the foreign debt are blocking the avenues of expansion open to the production machine. The rate of growth of the GNP (6.5 percent) is conclusive and must be ranked in terms of an international scenario marked by recession, but in 1980 Brazil will import \$12 million worth of oil shipments, 50 percent of its total purchases abroad (daily consumption amounts to 1.2 million barrels of crude).

Two Brazilian missions are negotiating and will in the next few days negotiate (one of them will be headed by Delfim Netto himself) an increase in the amount of foreign loans. The wage policy is being conducted in balanced fashion by the Palácio de Planalto. The strategy is now to stop the spooked horses. This is why the government does not want to give in to the São Paulo striking metalworkers' demands for fear of an inflationary stampede. In Brasília, there is a rumor going about that Figueiredo has given Delfim Netto a deadline to impose a limit on the cost of living.

/Overall trade between Argentina and Brazil amounted to \$1.609 billion in 1979. Of this total, \$897 million were accounted for by Argentine shipments and \$713 million by Brazilian shipments. While Argentina was ahead, the fact is only an apparent one./

In 1977 trade between the two countries came to \$733.2 million. A year later it climbed to \$882.4 million. From 1976 to 1979 the rise amounted to 112 percent.

/Between what comes and goes, Brazil diverts more industrial products to Buenos Aires. In return, Argentina ships raw materials./

More recent figures, those of January 1980, show a clearly favorable tendency for Brazilian foreign transactions. In that month, Brazil sent Buenos Aires items totaling \$72.9 million (with a growth of 95.9 percent in comparison with January 1979). At the same time, Argentina exported \$94 million worth of goods to Brazil (this is an increase of barely 6.38 percent in comparison with the same period in 1979). This aspect of trade is being analyzed by Martínez de Hoz with his Brazilian counterpart. Because of other guidelines, also relating to trade, Benedicto Moreira Fonseca, a director of the Bank of Brazil's Office of Foreign Trade, will be going to Buenos Aires.

Brazil is heedful of Argentina as a source of supply of hydrocarbons. The position that Martínez de Hoz assumes is that, "when Argentina achieves self-sufficiency in oil production, it will begin to export oil, extending priority to its neighbors, among them Brazil." The same will hold for gas deliveries if Argentina completes construction of the gas pipeline between the province of Neuquén and the coast within the predetermined deadlines.

Martínez de Hoz used his last night in Rio de Janeiro (Tuesday, 15 April) to take part in an informal meeting with the director of the IDB and Brazilian Minister of Finance Ernandes Calveas to exchange views on the international economic situation. This meeting had a purpose. Next week in Hamburg, Germany, the International Monetary Fund will attempt to collect official opinions on the present-day crisis, marked by the foreign debt, inflation and the impact of higher oil prices.

Martínez de Hoz maintained that these problems must not be attacked individually. Moreover, he added: "Each country has to adopt healthy economic and financial policies."

MOTIVES FOR BALBIN'S FIRST TRIP ABROAD SCRUTINIZED

Buenos Aires CONVICCION in Spanish 17 Apr 80 p 10

[Article by Pascual Albanese; passages in slantlines printed in boldface]

[Text] What is Ricardo Balbin doing in Europe? The question, posed with unaccustomed repetitiveness in political circles, has not yet been answered in circles close to radical party headquarters, which is maintaining a sealed-lips attitude usually common with those who have very important information or simply know nothing.

The Radical leader's about-face is particularly striking because it goes against a solidly established tradition in his political style: With the exception of brief stays in Montevideo and his appearance at the conference held in Caracas at the end of 1976 by the Socialist International (to which he was especially invited), Balbin has never traveled abroad.

This implicit norm of behavior also corresponded to a tediously cultivated image: Hipolito Irigoyen, whose foreign policy was often cited and praised by Balbin in his appearance on Spanish television, never left Argentina and this attitude has constituted a stamp of pride for the Radicals.

In keeping with this style, the radical movement has always practiced a certain isolationism in the domain of international relations, one very hard to maintain in this day and age when national policies inevitably constitute a chapter in the book of international policy, an incontestable reality which relegates those who still tenaciously cling to policies appropriate at a time when autarchy was possible to a fate of /"provincialism" with no future.

Like it or not, this reality is also knocking at the doors of the UCR [Radical Civic Union], some of whose leaders, among them ex-Senator Luis Leon from the Chaco, have in the past few years frequented the inner sanctums of European social democracy, interested in expanding its influence in Latin America.

Aware of this situation, Balbin seems to have decided to set himself at the crest of the wave with the intention of leading it. To do so, he has

broken with his inveterate custom and decided to make a trip to Western Europe, wherewith he personally assumes the status of representative of the radical movement on an international scale, a decision that removes ex-Senator Hipolito Solari Yrigoyen's inopportune, individual initiatives from the scenario.

/This delicate operation involves two basic risks: a possible international alienation due to the choice of his public participants in the discussion (not always the most important ones) and the need for him to make extremely cautious statements on the touchy issue of human rights./

To avoid alienation, he would have to avoid taking sides with either social democracy or Christian democracy, the two pillars of European politics. The election of the Spanish Democratic Center Union (UCD) was opportune in connection with this. Adolfo Suarez' UCD is a party with a centrist image, holding an electoral majority and nonaligned, /at least not yet,/ with either of the two great international policies of the old continent.

As for the Spaniards, Balbin's visit, while modestly so, falls under the strategic heading of the ambitious /"Ibero-American Operation"/ promoted by King Juan Carlos I which is evolving through two parallel channels: official diplomacy, regarding the governments, and the UCD, regarding the political forces.

Days later, participation in the general audience Pope John Paul II grants every Wednesday in Saint Peter's Church also falls under the heading of this "whitewashing" and is of relative significance: /None of the people who attend this kind of audience have an opportunity to exchange a single word with the supreme pontiff./

The second problem, the need for being very prudent at public appearances, became very acute during the round-table discussion organized by Spanish television in which the Radical leader was forced to share the stage with Nicaraguan priest-poet-minister Ernesto Cardenal, a eulogist of Fidel Castro, and Peruvian writer Manuel Scorza, the cultivator of a kind of overly verbose, superleftism very common among Latin-American intellectuals whose roots are in Europe. The worship of ambiguity that has always characterized Balbin's fiery verbal style attained prodigious dimensions on that occasion. But while his intention was to conform to opposing factions, the result was exactly the opposite. He disappointed both sides, to say nothing of the millions of Spanish television viewers who can have been but little enriched by his in itself rather modest knowledge of Argentine political reality.

Aside from his classical weakness for euphemisms, "Don Ricardo" — as Cardenal has dubbed him, somewhere between respect and sarcasm — has made his debut on the international scene. It is not improbable that in his heart of hearts he realizes that this new dimension of his political

personality will strengthen his ability to engage in a dialogue with the government which, according to all indications, will be put to the test in only a few weeks time, at which time he might be invited to confer at the presidential palace [Casa Rosada].

At the same time, the European trip is strengthening his party leadership, beyond the different internal currents, among which he intends to maintain a cautious equidistance, so much so that, when he had to choose a traveling companion, to avoid suspicions as to presumed /"nepotism,"/ he chose his son. Some did not fail to comment that he did not choose his wife in order to avoid odious comparisons.

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CSO: 3010

ARGENTINA

BALBIN DEFINES HIS PARTY'S POSITION IN ROME INTERVIEW

Buenos Aires CLARIN in Spanish 18 Apr 80 p 8

[Interview with UCR leader Ricardo Balbin by CLARIN correspondent Julio Alganaras in Rome on 18 April 1980]

[Text] Rome—Dr Ricardo Balbin, head of the UCR (Radical Civic Union), has reiterated what his party's position in the official dialogue will be if the party is finally convoked by the government.

Balbin, who yesterday conversed with Cardinal Antonio Samore, the papal mediator in the dispute over the Beagle Canal, received this correspondent in the hotel he is staying at here in Rome, located near the Piazza Spagna.

In his conversation with Samore, the UCR leader said that "we exchanged general impressions. It seemed natural to me that we would not talk about the negotiations per se. His prudence and my prudence saw to it that neither he would talk of them nor I ask about them." Balbin met with Samore in the Vatican Library. Today he starts on a tour of Naples, Capri and the Amalfi coast and is to return to Argentina at 1220 on Monday on a Spanish airlines flight.

A summary of CLARIN's interview with the Radical leader follows:

[Question] The government has made the first contacts with those to be convoked for the political dialogue. What is your evaluation of the official method invoked and the results?

[Answer] I have great respect for the people who have up to now participated and offered their opinions, but I also have a personal opinion with regard to the dialogue itself. I believe that great emphasis has been laid on saying that it is a personal dialogue. Now, I ask myself whether the guests have been invited in their personal capacity or because they have been of some importance in the country. This fiction does not satisfy me. When the minister of interior received members of the Progressive Democratic Party, he said: "Here are the representatives of the Progressive Democratic Party." If I am called on, I think the minister will act in

exactly the same way. This is only natural because the 26 million inhabitants involved will have to judge for themselves.

[Question] And what do you think of the results of the dialogue?

[Answer] You ask me and naturally I ought to reply that they must be positive because I take for granted the seriousness with which it will be conducted. If this were not the case, it would be nothing more than a training exercise. If I have the good fortune to participate, I am going to say what I think and listen to what they think, but I am going to let the country know what everyone thinks. I believe that, if it is true that the possibility of a dialogue is opening up in Argentina, it is late in coming and cannot be limited to an official office.

Both the head of the office and those who go to that office have the legitimate right to draw out and explicate the dialogue. In other words, to establish communication with the people, which, in the final analysis, is what we ought to illustrate by maintaining this conviction of representative democracy which we will not abandon.

[Question] And what do you think you will say to the government?

[Answer] That depends on what they ask me. Naturally, the minister will not get only my replies but also our questions, which will follow from the level at which the dialogue is situated. The government holds the initiative; so, as regards the dialogue and its consequences, the questions and the answers, I have this to say to you: That will come after it is over and not now. At this point, I cannot guess.

[Question] But will you establish the position of the radical movement?

[Answer] Various factors are involved here which are not what is referred to as the organization of a government, but the tasks required to prepare for a great government: democratic, real, authentic and permanent.

Each time we Radicals talk about the problem, the grandchildren of deceit appear, saying: That's the committee for you! No, that's not the way it is. We support free elections. We want to have elections once we have acquired the indispensable and certain instruments needed to do so for the generations that are going to live in a permanent democracy.

Talking about the organizing of political parties, for example, is not the same as talking about an election; it is rather holding a dialogue as to how to implement it. For silence produces confusion.

[Question] You referred to the organizing of the parties. What are the other instruments?

[Answer] Above all, we want to have time to seriously study these instruments and not to have it said that they will be studied in order to actually gain time.

In addition to the organizing of political parties, we have to study the electoral laws. And also, whether we want proportional representation in Parliament or not. I think not.

[Question] Are you in favor of restoration of the Saenz Pena Law system?

[Answer] Yes, if modified. But I believe proportional representation has meant the downfall of the Argentine Parliament.

[Question] Are you in agreement with the method employed for the dialogue and the pace it is moving at?

[Answer] The pace is slow. I think that there has been deliberate delay to keep from dictating the law for the organizing of political parties until what they call the later days of the second half of the year.

[Question] What is the UCR's position with regard to the election of the new president for 1981-1984?

[Answer] Naturally, I must say that I am not satisfied with the situation. This is an institutional system corresponding to the 1853 Constitution. Now, as between the 1853 Constitution and the corresponding instrument created by the Armed Forces, you can understand that I follow the 1853 Constitution.

[Question] In Madrid you said that the Constitution provides for the Armed Forces' institutional participation in the government. Can you expand on this idea?

[Answer] The 1853 Constitution provides for the presence of military ministers in the Cabinet. I also think that a council for defense and national security, presided over by the chief of state, can be created to combat the development of world terrorism and that this is absolutely necessary. But — and this is neither an insult nor a challenge — the civil power cannot be subordinated to the military power because the military power is an ingredient of the nation as a whole.

[Question] What do you think of the president's speech in which he outlined the balance sheet for 4 years of government?

[Answer] It was a speech that reflects President Videla's good will but which on occasion does not reflect the country's true situation.

[Question] On Spanish television, you said that some day "the history of responsibilities in Argentina would be written." What did you mean by that sentence?

[Answer] Look, I believe that the answers given have different repercussions throughout the country. On Spanish television, they asked me what had happened to those people who have disappeared. I don't know what kind

of honor I have, but I do have it from the spiritual point of view. Hence, it seems to me absurd to talk in Europe about the plight of these missing persons when I am convinced that no one has disappeared in Argentina, rather that they are dead.

This falls under the heading of responsibilities. I am not sure, but I think that my thoughts were reported differently in the Argentine press. I said that, some day when the history of subversion was written, responsibilities would be established. Because there is some confusion as to the origin and the effects of subversion.

I did not go to Spain to explain all that. I said that some day a history would be written, but I did not in any way refer to this government, rather to subversion per se, the origin of which goes much farther back.

[Question] You have certainly received leaders of other political parties who have proposed some form of interparty dialogue to you. How do you evaluate these new contacts? Are they politically viable?

[Answer] It is not quite true that these contacts exist. The day that happens there will be no objection to making it public without any reservations.

The parties can get together at any time. Excuse me, but your question could give the erroneous impression that there are minuscule hostilities or divisive attitudes. Except for the extremist groups, I believe that all parties in Argentina are open to an immediate dialogue.

We, the parties, may meet at any moment around a single table. Therefore, there is no reticence in our hearts, rather an appraisal of what an interparty meeting should be.

The radical movement is the champion of national coexistence and it has demonstrated the fact in the course of its history. But I do not believe the parties ought to meet to demand a wage hike or that the state of siege be lifted.

This can be done by each party on its own. I believe that the parties ought to get together to establish a common attitude. And there can be no going back on this attitude. It has to be well thought out, fully mature and we must be aware that it is indispensable and necessary. The rest will sow the seeds, which is most important.

Having the parties meet for the little things is tantamount to saying that they are not going to meet for the big issue.

The citizenry was never before so united as in 1976. In all previous instances — I was 26 years old in 1930 — what happened worked in favor of only one sector. So, it goes without saying that this is a different process. What is happening is that the military government has alienated

itself from this united citizenry and created this vacuum which is on occasion dangerous for both parties.

[Question] And with regard to the economic situation, what do you think?

[Answer] We have very clear reports, with repeated responses [to our questions]. We may suppose that some of the measures were necessary, but the economic philosophy involved is not ours. We are talking about the physical occupation of the whole country, the integral development of the nation. This means that the economy, education and public health have to be directed toward a sensible occupation of the country. I must confess that the present economic administration leaves the Argentine production process unprotected.

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SPECIFIC POINTS OF NEGOTIATION ARE UNCLEAR IN MALVINAS ISSUE

Buenos Aires CONVICCION in Spanish 16 Apr 80 p 12

[Article by Martin Olivera: "In the Malvinas Issue, the Important Thing Is Not to Negotiate, but to Know That We Are Going to Negotiate"]

[Text] At the end of this April, negotiations with Great Britain "on the Malvinas issue" will be resumed in New York — neutral territory — according to a terse and little informative communique from the Palacio San Martin.

And while in Argentina it is common enough that official organizations can generally not be described as information agencies, there are issues which, in view of their importance, cannot — and should not — be ignored by the public.

Such is the case of the Malvinas. After 100 years of being occupied by the English, Argentines — without yielding to the temptation of an adolescent nationalism — have the right to know what is to be discussed or what points are to be discussed regarding an issue to which there is only one acceptable solution. At least, if we assume the validity of the fact that "sovereignty is not negotiable."

Now that we have pointed out this lack of information, on the basis of past experience and information gathered from British sources, we can attempt to sketch the agenda for the future round of negotiations and the results they will produce.

British Interests

First, it is interesting to gauge just how important the Malvinas are for Great Britain from the three possible viewpoints: strategic, political and economic.

Strategically, the Malvinas — which are very important for Argentina because they lie opposite its coastline — are of no importance to the United Kingdom, even if we believe there may be a world war at some future time.

According to information CONVICCION was able to obtain from sources close to the British General Staff, London authorities trust in the fact that, in the event of the hostile climate closure of the Panama Canal might result in, Argentina would be an ally, which is why it is of no importance that the Malvinas are under their control.

As far as plans for the Antarctic are concerned, plans Great Britain would presumably implement from the Malvinas, the Foreign Office has already abandoned that topic. Furthermore, the English have realized the geopolitical impossibility of their becoming an Antarctic nation aside from maintaining the present status quo — for which reason there is no need for them to retain the Malvinas as bases — or of some future internationalization of the continent.

From the economic standpoint, the enormous distance that separates the islands from the mother country of her Britannic majesty, which fact in itself serves to discourage any sort of adventure in search of hydrocarbons, is obvious.

Even if the existence of oil in the Malvinas Basin were not certain, the reserves would not be overly abundant. With regard to this, the controversial Shackleton Report had this to say: "It is improbable that exploration programs (for hydrocarbons) could be launched in the coastal area of the Malvinas without the consent and cooperation of Argentina. In fact it is extremely doubtful that an oil company would be likely to accept a unilateral offer of exploration or production licenses from the Malvinas Government without the firm guarantee that this would also be acceptable to Argentina."

Consequently, the situation in this domain is very simple. If Argentina refuses to cooperate, South Atlantic oil is of no use to Great Britain.

What Is Important Is to Know What to Negotiate

From the political standpoint, the proposal is also reduced to a single plan of action. The only way the London government — whether Labor or Conservative — can return the Malvinas without suffering schisms on the domestic front is for the people of the islands to elect to become Argentine subjects through a plebiscite, a possibility that at the present time seems to be very remote.

Summing up, this is the British position and, knowing this beforehand, Argentina is going to negotiate.

What is it that we do not know?

Obviously, the British proposal — that the islanders choose — is not valid for our government since it makes no sense for a few hundred inhabitants to decide the fate of a territory that belongs to 25 million inhabitants, that is, to the entire nation.

Nevertheless, from Argentina's standpoint and keeping in mind previous discussions, the object of these negotiations is to look for channels of co-operation through which the islanders can go on establishing ties with our country until their dependence on us is such that Argentine citizenship becomes inevitable for them.

Up to now, this policy has produced no results but, according to some observers, now that we have an ambassador in London, Carlos Ortiz de Rozas, the dialogue will be fluid and the results quicker.

Unfortunately, 147 years of British presence in the Malvinas has turned many Argentines, who in this matter as in many others prefer deeds to words, into skeptics. And we must insist that there is only one acceptable solution.

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SUPREME COURT JUSTICE SPEAKS ON NATION'S POLITICAL COURSE

Buenos Aires CONVICION in Spanish 15 Apr 80 p 10

[Interview with former Supreme Court Justice Julio Oyhanarte;
date and place not given; passages in slantlines printed in boldface]

[Text] [Question] What similarities do you notice between the present military regime and the other military governments that have succeeded one another in the recent history of Argentina?

[Answer] In the past 50 years there have been six military or de facto regimes. Many similarities may be observed between the first five and the current regime. One of these seems to me to be especially noteworthy. /This has been the independence of the judiciary, which the military has on six occasions respected./ This attitude is today manifest and ennobles our present-day courts. If the judges were not now independent, Argentina would be a paradise of despotism.

[Question] Do you think that there are also differences?

[Answer] There are a lot of differences. For example, the deliberate rejection of /one-man executive power/. The phrase in Article 86, Paragraph 1 of the Constitution (the president is the "supreme leader" of the nation.) is not a figure of speech but the key to the country's former political reality. The current rulers /decided to set aside this tradition and set up a quasideliberative, tripartite governing body above the president, in which decisions are made by vote. Faced with a similar system, I remember a statement by Titus Livius/: "To assure success, it is appropriate for one alone to exercise supreme control." The founders of American democracy and Alberdi felt the same way about it.

"There Is No Peron Now"

[Question] Do you feel that there is a new historical model in the nation?

[Answer] One substantial difference is that there is no Peron now. His death almost certainly led to the fragmentation of the majority political

force. The pyramidal conformation of the Justicialista Party is responsible for the fact that there are no representative leaders in it capable of mobilizing it in unified fashion. I am referring to /political/ leaders, the union leaders are another matter.

The previous military regimes did something really incomprehensible: /As if they had fallen into a state of confusion, they ended up delivering the power into the hands of the enemy/. For example, the men of the liberating revolution surrendered to Frondizi, those of 1962 to Illia and those of the Argentine revolution to Campora. Apparently, none of them thought /that he was responsible for assuring the continuity of the values and principles he said he represented/. The result was /disastrous/. In 1958, 1963 and 1973 the military granted control to civilians and all three times deprived them of it after a short time. It would appear that now they are prepared not to have that happen again. I believe that, when they talk of a /"stable," "efficient," "modern,"/ or the like democracy, what they really mean is that they are not going to /"split"/ the power and will try to manage things so that the next president to be elected will be /respected and lasting/.

[Question] In your opinion, what are the conditions the military regime will impose on a future, duly-elected civilian government?

[Answer] Between 1976 and 1978 wartime powers were used to subdue armed subversion. As the president has just said, there were dead, missing and prisoners. There is a lot of objective data indicating that, when we decide to hold free elections, power will only be transferred to those who, with absolute certainty: /a. guarantee a term free of hatred and reprisals; b. maintain in operation the security measures that exist today/. If these measures were slackened in the future by an unprepared or ingenuous government, the homicidal violence of subversion would resurface in 5 minutes.

"New and Victorious Political Force"

[Question] What do you think the future institutional alternative will be?

[Answer] Alternative? I don't believe that, when the time comes, the political alternative will depend on institutional factors. The problem does not apply /to the realm of norms, rather of facts/. Democracy presupposes many things and among them chiefly a majority party that is legal, competent, respectful of the basic principles and values of the community and is in a position to assume the role of a ruling party. And it is this, and nothing else, that is lacking in Argentina today. /The only party worthy of the name hardly commands 20 percent of the vote/. The Justicialista movement could quite possibly fall apart if it had to face an election; and the other parties exist in name only. There will not be a serious alternative in the direction of democracy or, if you prefer, there will not be a president whom the military does not have to get rid of in 2 years time or less /unless we base our system on the constitution of

the new and victorious political force I am talking about/. And it is clear that forces of this kind are not created /from below/.

[Question] Could you expand on the characteristics which, in your opinion, this "new political force" you propose ought to have?

[Answer] I am proposing nothing. I am merely saying that the chief requirement is the planning of a legal and capable majority party, which does not mean that I am prepared to work to found it, nor to become a member if it is created. I am talking about a new force, sharply differentiated, with a life of its own, /that is, not a takeoff from or an alliance with one or more of the old parties/. Of course, this idea does not imply that the leaders have to be beginners; simply that a /new loyalty/, exclusive of those they felt before, should be born inside them. The decisive factor is the firm leadership of someone capable of winning a majority consensus.

Consequences of the Justicialista Movement

[Question] To what reasons do you attribute the lack of organized political parties in Argentina and the great proliferation of scantily represented parties?

[Answer] This is to a certain extent due /to the Justicialista movement and its congenital structure/. In 1933 the radical movement was able to overcome the tremendous impact of Yrigoyen's death. I don't think the same can happen with the Justicialista movement, of which, apparently, all that remains is the rank and file. To use the word you used in your question, this would result in the fact that in Argentina the majority is probably now "disorganized." As for the "proliferation of parties," one of the reasons, although not the only one, was the notion many had that they could count on a constituency so that they could "negotiate," say, with the proscribed majority.

[Question] Do you believe that the nature of political activity in Argentina has changed?

[Answer] Political activity — we are talking about party activity, of course — has to be vigorously directed at the source of power so that it can then be used /to satisfy the common welfare of the nation/. Of course, here there have always been those who have a distorted view of it and see in political activity a chance to make speeches, satisfy an irrepressible urge to oppose others, get their names printed in the newspapers, appear on television, hear themselves applauded or repeat the /eternal common-places/ that only serve to escape from reality.

Joint Civilian-Military Leadership

[Question] In your opinion, what should an ideal relationship between the civilian and military powers be like?

[Answer] One of the best ways I know of to achieve the concerted action you refer to as the "civilian power" and the "military power" is through the functioning of a /leadership common to both/.

[Question] On the international scene, what is the role you think our country should play?

[Answer] I would say only two things. First, Argentina has to act as a sovereign, loyal part of the world in which those values — to make it clear among ourselves — we refer to as /Western and Christian/ prevail. Second, subject to this principle, Argentina's international policy must, in addition, consist of planning to meet national needs and objectives.

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POLICE RESUME WEARING OF BADGES

Buenos Aires LA OPINION in Spanish 18 Apr 80 p 24

[Text] Chief of the Federal Police Div Gen Juan Bautista Sasiain yesterday presided over a ceremony in celebration of the resumption of the wearing of "chest badges," thus making mandatory this identification which had been suspended in 1977.

The ceremony was held in the Central Police Department's "Patio de las Palmeras" and during it, after reading aloud the decision providing for reestablishment of the chest badge, the first 20 badges were turned over to policemen.

On this occasion, General Sasiain pointed out that the badge in question "is a symbol and, as such, in itself imposes natural respect and esteem. It sets apart all those on whom the law has conferred power over their fellow citizens and assigned the duty of keeping watch over the defense of the spiritual and material values characteristic of civilized peoples."

He added that this police badge, "with the national emblem carved on it in relief on burnished metal, is, along with the credentials that go with it, an indispensable element in the exercise of any legitimately authorized action."

It should be noted that the wearing of the chest badge began on 10 January 1824, following a decision by Bernardino Rivadavia, then a minister in the government of Gen Martin Rodriguez, according to which "watchmen," the precursors of present-day "policemen," should be provided with a medallion that would identify them to the public.

This practice was continued for some time and so the "day policemen," created in 1834, who replaced the "watchmen," also wore a medallion. With the disappearance of the "day policemen" in 1872 when all police services were merged into the "Police Corps," the wearing of medallions by subordinate personnel was interrupted until 1927, when a new police uniform was issued, the chest badge was included, with each officer's inspection number and the national emblem.

This practice was continued until 27 January 1977 when the wearing of the chest badge was suspended until yesterday, the day police personnel resumed the use of the means of identification in question as a complement to the credentials they are provided with.

ARGENTINA

OFFICIAL UNEMPLOYMENT FIGURES NOT IN ACCORD WITH REALITY

Buenos Aires CONVICCION in Spanish 20 Apr 80 p 8

[Editorial: "Specific Data on Unemployment Lacking"]

[Text] The public continues to be deprived of official data on employment or, what is of greater concern, unemployment. The economic leadership has been very parsimonious in this regard recently, which suggests that there is no basis for the reiterated statements to the effect that the economy of the country is being reestablished without unemployment. And if these statements never were taken as unchallenged fact, the lack of them causes some alarm, making it pertinent to demand official and specific data in this connection.

The fact is that the public has learned through the press of studies which, month after month in some cases, are being made by private institutes of unchallenged prestige. According to these reports, which have not been officially denied, production, particularly in manufacturing, has shown a substantial decline, and therefore, so have enterprise profits, with very specific indications in some cases that the employment level has dropped in proportion to this decline in sales. But in addition, the newspaper reports give details as to the large and small factories which are closing, or dismissing a part of their personnel, laying them off or finding it necessary to extend their vacations. And no one is unaware that there are a number of operating industrial branches (the important textile and shoe industries among others) which have found themselves forced to reduce production by 50 percent. But there is another index which arouses public alarm in connection with unemployment and to a very great extent. We are speaking of the steady and considerable increase in commercial bankruptcies.

It is a secret to no one that we are trying to reestablish our economy by means of a sustained system of speculation to the detriment of production. And as it is a mystery to no one that unemployment is characteristic of any speculation economy, the worry deepens, augmented by the lack of specific and official information which should be available to all of us. If we knew that in fact there were no unemployment, we would be greatly surprised but we would all be pleased.

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ARGENTINA

TEXT OF FOREIGN INVESTMENTS LAW PUBLISHED

Buenos Aires CONVICION in Spanish 23 Apr 80 p 15

[Text] The national executive branch has just approved the amended Foreign Investments Law by means of Law No 22208.

The Ministry of Economy has announced the basis of the amendment, explaining that:

"The amendment to the Foreign Investments Law is designed to simplify the procedures for approval and registry and make them more flexible, within the spirit of the present law, and also to incorporate a significant change calling for a special system for the purchase of stocks or other shares quoted on the domestic stock exchange such as to permit their purchase without approval and without registration rights whenever the holdings of stocks purchased under this system do not exceed the sum of \$2 million or 2 percent of the capital of the receiving enterprise per foreign investor, and that the total of the holdings acquired by foreign investors in this way does not exceed 20 percent of the capital of the receiving enterprise.

Various amendments are introduced to simplify the procedures and make them more flexible.

The amounts requiring approval by the Undersecretariat for Foreign Investments is increased from \$5 million to \$20 million U.S., sums exceeding this amount requiring the approval of the executive branch in all cases.

Automatic registry of investments of up to \$5 million made in freely convertible foreign currency and expansion from 10 percent to 30 percent of the registered capital of new investments without prior approval.

With regard to investments causing a change in the category of local domestic capital enterprises to local foreign capital enterprises, a distinction based on the value of the net assets of these enterprises will be made, such that those with up to \$10 million U.S. will be approved by the Undersecretariat for Foreign Investments and those with greater value by the executive branch.

The approval of stock purchases causing no change in the category of existing local enterprises is transferred to the Undersecretariat for Foreign Investments.

Similarly, and in the spirit mentioned above, the requirement that prior authorization be obtained for investments made in the exercise of the right of preference is eliminated, and the approval requirement for access to medium- and long-term credit for local foreign capital enterprises is eliminated.

The foreign investments registry is transferred to the Undersecretariat for Foreign Investments, for the purpose of simplifying and standardizing the approval and registry procedures."

The text of the law reads as follows:

"Article 1. The following will replace Paragraph 1, b of Article 2 of Law No 21382:

b. The purchase of shares of capital in an existing local enterprise by foreign investors.

Article 2. The following will replace Article 4 of Law No 21382:

Article 4. Foreign capital investments require prior approval by the executive branch, which will be adapted in each case to the specific legislation applicable, when:

1. The investments are made in the following sectors:
 - a. Defense and national security;
 - b. Rendering of public postal, electricity, gas and telecommunications services;
 - c. Radio broadcasting, television stations, daily newspapers, magazines and publishing houses;
 - d. Energy;
 - e. Education;
 - f. Financial and insurance bodies.

The executive branch is authorized to add other sectors to those listed above.

2. The investments will convert a local domestic capital enterprise with net assets in excess of \$10 million U.S. or its equivalent in other types of exchange into a local foreign capital enterprise, when:

a. Capital contributions are made; or

b. Shares in the capital are purchased. This approval will be given on an exceptional basis when obvious benefits to the national economy would result.

Exception is made for the purchase of shares made as a result of judicial execution of guarantees issued to cover what is due creditors domiciled abroad and purchases made within the framework of competitive procedures.

3. Commercial assets which are not the property of foreign investors and whose value exceeds \$10 million U.S. or its equivalent in other exchange are acquired. Such approval will be of the same exceptional nature as provided in Paragraph 2, b.

4. The amount exceeds the sum of \$20 million U.S. or its equivalent in other exchange.

5. The holder is a foreign state or a foreign company in public law.

6. Special or promotional benefits of any nature on the national level which must be authorized by the executive branch and are a condition of the proposed investments are sought.

Foreign investments covered by this article which are made subsequent to the approval of this present law without obtaining the approval of the executive branch will be null and void for all legal purposes.

Article 3. The following will replace Article 5 of Law No 21382:

Article 5. The following foreign capital investments will not require approval:

1. Total or partial reinvestment of profits corresponding to foreign capital investments registered in accordance with this law in local enterprises producing said profits, even if made in the sectors included in Paragraph 1 of Article 4, provided that the investment does not transform the receiving enterprise into a local foreign capital enterprise, and is intended for the activities for which the original investment was approved or those which the receiving enterprise was pursuing at the date Law No 21382 went into effect, or other related activities.

2. New investments in freely convertible foreign currency, although made in the sectors listed in Paragraph 1 of Article 4, if allocated to the activities for which the original investment was approved or which the receiving enterprise was pursuing on the date Law No 21382 went into

effect, or related activities, if they are covered by one of the following cases:

a. They do not exceed 30 percent of the registered foreign capital of the receiving enterprise annually, and do not transform it into a local foreign capital enterprise; or

b. They are made by foreign investors who hold registered capital in local domestic capital enterprises, in the exercise of the right of preference and to maintain relative participation which is equal to or less than they had previously.

3. Capital contributions in freely convertible foreign currency not covered by Article 4, if the amount does not exceed the sum of \$5 million U.S. or its equivalent in other types of exchange, provided that they do not transform the receiving enterprise into a local foreign capital enterprise.

The provisions of this article do not release the receiving enterprise from the obligation to obtain the authorization required by the specific legislation, if any.

Article 4. The following will replace Article 6 of Law No 21382:

Article 6. Foreign capital investments not covered by Articles 4 and 5 will require prior approval by the pertinent authorities, which will be adapted in each case to the specific legislation applicable.

Without prejudice to the above provisions, the following foreign investments made subsequent to the approval of this law, without the approval mentioned, will be null and void for all legal purposes:

1. Purchases of capital shares and business assets which are approved under the exceptional criterion for which Paragraph 2, b of Article 4 provides.

Purchases provided for in Article 4, Paragraph 2, b, in fine, are excluded from this paragraph.

2. Purchases exceeding the sum of \$5 million U.S. or its equivalent in other types of exchange but not exceeding the sum of \$20 million U.S. or its equivalent in other types of exchange.

3. Capital contributions not included in Article 4, Paragraph 2, a, by virtue of the value of the net assets of the local enterprise.

Article 5. The following is added as Article 6, b to Law No 21382:

Article 6 b. Purchases of shares in the capital of local enterprises quoted on the domestic stock market, if made by foreign investors in

accordance with the following norms, will not require approval nor entail the right to recording in the foreign investors' registry:

1. If as a result of the purchases mentioned in this article, the enterprises cannot become local foreign capital enterprises.
2. The holding of capital shares resulting from such purchases does not exceed the sum of \$2 million U.S. or its equivalent in other types of exchange nor 2 percent of the capital of the receiving enterprise per foreign investor.
3. The total holdings of capital shares purchased by foreign investors under the provisions of this article may not exceed 20 percent of the capital of the receiving enterprise.
4. The pertinent authority will keep a record of the purchases of shares made in accordance with this article and will keep it up to date, consistent with the procedure established by the regulations.

The foreign investments described in this article which are made without meeting the requirements set forth therein or regulations governing it will be null and void for all legal purposes.

Article 6. The following is added as Article 6, c of Law No 21382:

Article 6, c. The executive branch has the authority to make general changes in the amounts and percentages set forth in Paragraphs 2, 3 and 4 of Article 4; Paragraph 3 of Article 5; and Articles 6 and 6, b.

Article 7. Article 9 of Law No 21382 is revoked.

Article 8. The following will replace Article 10 of Law No 21382:

Article 10. With regard to the registry of foreign capital:

1. The pertinent authority will be responsible for the foreign investment registry. This registry will show foreign capital investments existing as of the date of the present law, in accordance with the provisions of Article 19, and those made in the future in accordance with the provisions of Articles 4, 5 and 6 of this law, as well as capital transfers pertaining to these investments.
2. All foreign capital investments approved by the executive branch or by the pertinent authority in accordance with Articles 4 and 6 respectively will be recorded in the foreign investments registry once actual receipt in the country has been verified, in the form and within the periods established by the regulations. In order to benefit from the rights provided by the law, the investments to which Article 5 refer must be reported to

the pertinent authorities within the period established by the regulations, and the status as a foreign investor must be established with that authority, as well as the source and destination of the investment, if applicable.

Article 9. The following will replace Article 12 of Law No 21382:

Article 12. The following will apply with regard to the repatriation of capital:

1. Registered foreign investors can repatriate their investments in accordance with the following provisions:

a. Foreign capital investments made after this present law goes into effect may be repatriated after the elapse of 3 years from their receipt in the country, unless a longer period has been granted on approval of the investment, by virtue of its characteristics.

b. Foreign capital investments in existence as of the date this law goes into effect can be repatriated under the conditions for which Article 19 provides.

2. When Paragraphs a and b above are applicable, the foreign investors will have the right to transfer abroad the sum realized from their investments.

If this sum exceeds the registered capital, the surplus can also be transferred by the foreign investor, but will be subject to the payment of the taxes to which Paragraph 3 of Article 15 of this law refers.

For this purpose registered capital will be taken to mean registered foreign capital investments, plus registered reinvestments of profits, less any repatriation previously effected.

Article 10. The following will replace Article 14 of Law No 21382:

Article 14. Foreign investors will not enjoy the right to remit profits and repatriate capital in the event of demonstrated failure to fulfill the existing legal requirements, or those established in the norms for approval of investments, until their situation is corrected. Nor will they enjoy the automatic right to register investments made during the period in which their right to remit profits and repatriate capital are suspended in accordance with the provisions of this article.

Article 11. Article 15 of Law No 21382 is amended as follows:

a. The word "annual" is eliminated from Paragraph 2.

b. The phrase "which can be repatriated" will be substituted for the word "registered" in Paragraph 3.

c. The text of Paragraph 4 will be replaced by the following:

4. The tax for which this article provides will not apply to the sum of the profits reinvested, allocated for new investments in accordance with the norms of this law, or credited to local foreign capital enterprises. Nor will the tax apply to profits generated by the temporary contributions of foreign capital for which Article 18 of this law provides, except when the holders opt to make their investments within the framework of this law.

d. The following will replace the text of Paragraph 5:

5. The executive branch may, on a general basis, exempt additional profits from the special tax, amend the limit of 12 percent for non-taxable profits in connection with registered capital, or reduce the applicable rate for those cases of foreign capital investments in which this is justified because of their specific characteristics or high risk, or when the activity to which they are allocated is subject to a special system.

e. The phrase "(t. o. in 1974 and its amendments)" is substituted for the phrase "(t. o. in 1978 and its amendments)."

Article 12. The following will replace Article 17 of Law No 21382:

Article 17. Local foreign capital enterprises may utilize domestic credit with the same rights and under the same conditions as local domestic capital enterprises.

Article 13. The following will replace Article 18 of Law No 21382:

Article 18. Temporary foreign capital contributions made for the purpose of implementing contracts for the leasing of objects, projects, services or other items are not covered by this law and will be governed by the provisions of the respective contracts, in accordance with the legal provisions applicable to them, although those making such contributions can opt to make their investments within the framework of this law.

Article 14. The following will replace the text of Paragraph 1 of Article 20 of Law No 21382:

1. Loans. Loans will be subject to the same principles, except when the operation has been noted by the Central Bank of the Argentine Republic within 30 days of being informed of the terms of the proposed operation, taking as a basis the special condition. . . the operation or the inadequate indebtedness level of the borrower.

5157

CSO: 3010

ARGENTINA

REFORMS TO FOREIGN INVESTMENTS LAW TERMED TIMELY

Buenos Aires CONVICCION in Spanish 23 Apr 80 p 1

[Article by Luis Domenianni]

[Text] It could be said without being very far from the truth that never has anything had a greater sense of justice in time. It could also be said, without risking falsehood, that never has anything had such a sense of proportion. And these precisely are the leading merits of the amended foreign investments law promulgated yesterday by the executive branch. The two can be summarized in a single word--timeliness.

At a time when the Argentine financial situation is experiencing an unprecedented crisis, when the public investor--small, average or large--is seeking almost in anguish a safe refuge for his investments, when rumors about bankruptcies, liquidations and transfers are frightening even those who have no savings, a law favoring foreign investments in stocks quotable on the stock market is promulgated in an effort to strengthen a financial option and answer the question of where to invest. Anyone might call this a sense of justice in time.

On the other hand, the measures to "simplify" the procedures for investment--not on the stock exchange--from foreign sources and to "make them more flexible," through the automatic approval of investments up to \$5 million, the reduction in the requirement for the larger sums, the facilities provided for changing categories from domestic to foreign enterprise, and above all, the equal access for domestic credit for domestic enterprises--the prior authorization requirement is eliminated--represent a substantial advance over the previous legislation, which was also promulgated by the present government, which would never have been tolerated by the domestic enterprises and other sectors of the community if instead of being included in the amended version they had been included in the original legislation. Anyone might also call this a sense of proportion.

In synthesis, the predominant characteristic of the new foreign investments law is its criterion of timeliness.

Obviously, these virtues do not in themselves represent success. In the realm of economic theory, nothing is either correct or incorrect "per se." In the realm of current government economic philosophy, the legal tool provided is consistent. In practice, well here, we shall have to see.

The fact that foreign investments play an ever-greater role in the enterprises in the country--we are not speaking of the enterprises they establish--is no guarantee that technology or production systems will be improved, above all if they do not control the majority of the stock holdings. Nor does it mean the contrary. But offhand it is difficult to reconcile a legal test which openly favors the purchase of domestic enterprises by foreign capital at a time when foreign exchange, financial and customs policies are working together to make the development of Argentine industry more difficult.

3157

CSO: 3010

ARGENTINA

BRIEFS

FLOOD SITUATION--Provincial and police officials have reported that the flood situation in Buenos Aires Province is now improving that the population is returning to their homes in some areas. So far, 21 persons have been reported dead and 15 injured, while 42,000 persons have been evacuated from their homes. The health situation among the population is reportedly good, and the outbreak of a typhus epidemic has been denied. [PY022326 Buenos Aires Domestic Service in Spanish 2000 GMT 2 May 80 PY]

NEW SPANISH BANK--The executive branch has approved the authorization granted by the Central Bank to a consortium of Spanish banks for the establishment of the Exterior Bank, Inc., in Buenos Aires. [PY052332 Buenos Aires LA RAZON in Spanish 3 May 80 p 4]

CSO: 3010

BOLIVIA

BRIEFS

SUPPORT FOR SILES SALINAS--The Santa Cruz departmental committee of district boards has decided to proclaim Dr Luis Adolfo Siles Salinas as its presidential candidate. The decision of this organization, which is made up of 52 grassroots organizations, including district boards, mothers' committees, vote canvassers' committees and the youth committee of Santa Cruz, is based on the urgent need to present a good alternative to the country in the light of the political power vacuum which prevails. The decision made by the Santa Cruz departmental committee of district boards to proclaim Siles Salinas as candidate for the presidency of the republic contradicts a previous decision by the committee for [words indistinct] which had said that the people of Santa Cruz would abstain from voting. [Text] [PY281924 La Paz Radio Panamericana Network in Spanish 1700 GMT 28 Apr 80]

YPFB OFFICIAL'S HOME MACHINEGUNNED--The house of (Ismael Melgar), the Bolivian Government Oil Deposits (YPFB) technical manager, was attacked this morning with machinegun fire. This information was disclosed by (Calixto Arancibia), prefecture secretary, who said: [Begin recording] "As soon as the department learned about the incident, the prefect ordered the national guard to carry out an immediate investigation." [End recording] [Excerpt] [PY241842 La Paz Radio Panamericana Network in Spanish 1700 GMT 24 Apr 80]

EXTREMISTS ARRESTED, MATERIEL SEIZED--Santa Cruz, 19 Apr (EL DIARIO)--The II Corp of the army, through its public relations department, reported that it has carried out a military operation in the "El Mangal" area, finding great quantities of war materiel, subversive propaganda, forged identity documents and other compromising objects in the homes of activists of the extreme left. It was reported that Agustin Gregorio Colanio, an individual of dual nationality, and Luis Perez Saucedo, the murderer of Noncommissioned Officer Honorato Rojas, were arrested as a consequence of this operation. It was also reported that Mary Suarez Lera was arrested. [Excerpt] [PY010357 La Paz EL DIARIO in Spanish 22 Apr 80 p 1]

CPSU CC BIRTHDAY GREETINGS--To Comrade Jorge Kalle, first secretary of the Communist Party of Bolivia Central Committee. Dear Comrade Jorge Kalle: The CPSU Central Committee cordially congratulates you on your 50th birthday. Since your youth you have devoted your life to the struggle for the interests of the working class and all working people in Bolivia, for your

motherland's genuine independence and for peace, democracy and social progress. As leader of the Bolivian communists, working underground for many years, you have made a great contribution to strengthening the Communist Party's influence and prestige among the people's masses as a force invariably coming out in favor of the country's democratic and independent development and against the intrigues of reaction and imperialism. Soviet communists know you as a champion of friendship between our countries' peoples and an internationalist defending the unity of the international communist movement on a Marxist-Leninist basis. We wish you good health and new successes in your activity for the benefit of the Bolivian people.
[Signed] The CPSU Central Committee. [Text] [LD251247 Moscow PRAVDA in Russian 20 Apr 50 p 1]

CSO: 3010

BRAZIL

'MANCHETE' PUBLISHES INTERVIEWS WITH NEW STATE PARTY LEADERS

Rio de Janeiro MANCHETE in Portuguese 22, 29 Mar, 5, 12 Apr 80

[Interviews with several new state party leaders by Haroldo Hollanda of MANCHETE; dates and places not given]

[22 Mar 80 pp 122, 123]

[Text] At 40 years of age, Rio Grande do Sul Deputy Hugo Mardini of the PDS [Social Democratic Party] belongs to a new generation of politicians in his state beginning to appear on the national, political scene which will soon replace the older generations in the positions of command in all the parties. Mardini, despite the fact that he is now serving his first term in the Federal Chamber, is not a newcomer to politics. Since the age of 23, when he was about to complete his law course, he has been active politically. At that time he was trying to be elected state deputy--he was not successful--but he did win the alternate's position, which later enabled him to hold the office. He remained in the Rio Grande do Sul Legislative Assembly because in 1966 he was elected state deputy for three consecutive terms, always distinguishing himself as an active and combative legislator. In the Rio Grande do Sul Assembly, he was the leader of the ARENA [National Renewal Alliance] for 7 consecutive years. During that period he engaged in frequent and incisive debates with the MDB [Brazilian Democratic Movement] leader, who was no other than the then state Deputy Pedro Simon, today a senator, another veteran of that legislative house. Martini is fond of saying that political struggles in his state were always "rough and hard fought." He served his political apprenticeship, while still young, in the student struggles. He held the presidency of the Metropolitan Union of Students [UME] of Rio Grande do Sul and the vice presidency of the UNE [National Students Union]. He was the author of a bill in the Chamber which legalizes the UNE. Although his voter support is scattered throughout the state, his basic vote comes from the urban areas. This is so much so that his voter base was always Porto Alegre. In this interview with MANCHETE, Mardine explains his ideas and concepts on the present national political moment.

[Question] Do you favor direct elections for governor?

[Answer] I am completely in favor of it. Moreover, Brazilian republican tradition is that of selecting governors through the system of direct elections. It must also be noted that the principle is contained in the program of the PDS and, finally, because it was a publicly assumed pledge by President Figueiredo which he is now going to honor by sending a message to Congress proposing the reestablishment of direct elections for governors. Later, the circumstance that direct elections still seem to be the most correct formula for recruiting someone to serve his state in the name of the people must not be forgotten.

Why the Opposition is Perplexed

[Question] How about direct elections for president?

[Answer] In the specific case of direct elections for president of the republic, I am also in favor of it, also observing that it is the Brazilian republican tradition to choose the chief executive by direct vote. In that case, a question arises: If the people are competent to elect councilmen, prefects, state and federal deputies, senators and governors, why should they not be competent to elect their president? This is an unanswerable question, considering that there is no argument which could make us believe that the Brazilian citizen is only partially competent or partially capable of electing all his political leaders except the president of the republic through direct vote. A Hamlet-like question arises: The voter is or is not capable; is or is not competent?

[Question] What would be the names on the national political scene at this time capable of competing for the presidency of the republic through a direct vote?

[Answer] I believe that any indication of names at this time in events is premature, since only after 1982 will we be in a position to make more founded speculations. Then, once the results of the 1982 elections are collected, it will be easier to speculate on the future presidential succession.

[Question] Do you not fear a political regression because of the economic crisis being undergone by the country?

[Answer] I believe that Brazilian political development is closely linked to the economic picture of these days. Economic difficulties inevitably will provoke political consequences, creating opportunities or barriers we still have to face. Everything will depend on the course of the economic crisis. One thing is undeniable: politics and economy are related and influence each other. However, I do not believe in a retrogression.

[Question] The opposition accused the PDS program of being demagogic and there were also reactions against it in conservative circles of the country. What is your opinion of the criticisms of that document of the new government party?

[Answer] I consider those criticisms something natural. With respect to the opposition parties, they reflect the uncomfortable perplexity their leaders felt when they were surprised by a program perfectly synchronized with the national situation, daring and controversial because it is innovative. As far as conservative circles are concerned, they only show apprehensions with respect to the problem of comanagement in the companies, something I believe is a debatable experience included in the party program to be debated up to the time of the National Convention. It will be in the National Convention, with or without the approval of the party program, that the final decision will be made. It is also important to point out that the party program is not only meant for a government. It has a longer life. Its coverage, therefore, has to be broader, modern and advanced, if it wishes, as the PDS wishes it, to influence and obtain the vote of all the areas of Brazilian society.

[Question] There are those who consider the party reform recently implanted in the country as artificial. As a result, those parties which are being born would not have the conditions for surviving the 1982 elections. Do you share that opinion?

[Answer] The two-party system was introduced into our public life by an action of force which abolished the old parties. As of 1965, with the implantation of the two-party system, we went on to have only two parties: ARENA and MDB. The plural party system was always a characteristic and a tradition of national politics. The two-party system, on the other hand, was artificial, unreal and absurd, a fact recognized by the leaders of the opposition in all their public statements. Opposition unity, constantly proclaimed, was only a grammatical statement and a rhetorical figure of speech used by MDB leaders. The best proof of what I am saying is that hardly had the Congress approved the Party Reform Law than new opposition parties began to be created. Only the polls can legitimize the parties created by the political summits. We must, therefore, recognize that there was no other means of promoting party organization except by resorting to the power of initiative of the legislators during this first phase. Therefore, the new parties are going to recruit, but only the popular vote will give them the breath of life without which no party can survive. Party reform was important for Brazilian political life and it could no longer be postponed.

The PT [Workers Party] Has the Right to Organize

[Question] What do you think of the Workers Party?

[Answer] I believe, and that is my personal point of view, that we should reduce the requirements for the formation of parties, establishing as the only requirement a percentage of voters for the existence of parties, as all European democratic countries and the United States do. I believe the PT is a valid and legitimate attempt because its main leader, Luis Inacio da Silva, very properly said that he does not intend to see the bourgeoisie speaking in the name of the workers.

[Question] But will the PT not invalidate the PTB [Brazilian Labor Party]?

[Answer] I do not believe it will invalidate the PTB. The PTB, according to statements by its leaders, does not only want the vote of the workers, it wants to be a party which will present a democratic socialist solution for Brazil. More and more it should be asked: "Why should the PTB leaders have the right to organize their party and the PT does not?"

[Question] Senator Paulo Brossard of the PMDB [Brazilian Democratic Movement Party] sees a serious danger for the political process in the organization of a class party.

[Answer] Senator Paulo Brossard is undergoing a time of extreme personal discomfort in Brazilian political life because he now has to coexist with Miguel Arraes and Luiz Carlos Prestes, among others, in the PMDB. However, it is necessary to respect his opinion, which in my understanding is not correct with respect to the effort that Lula is making to organize the PT.

[Question] Do serious political and party differences in Rio Grande do Sul between Leonel Brizola and Pedro Simon not benefit the government party in that state?

[Answer] The government party, the political government forces in Rio Grande do Sul, maintained their political and party unity. Proof of that is the fact that the entire federal bloc of the abolished ARENA joined the PDS without a single defection, the same thing happening with the state bloc. The MDB had 31 deputies in the Assembly and ARENA 25. After the party reform, the situation changed completely: the PMDB had 18 state deputies, the PTB had 13 and the PDS had 25, which is the same as saying that we went on to become the majority bloc in the Assembly due, on one hand, to the unity we maintained and, on the other, to the division among the opposition forces. Obviously the dismemberment which took place in the opposition benefitted the government in Rio Grande do Sul. However, that division was inevitable considering the positions assumed toward events by leaders such as former governor Leonel Brizola and Senator Pedro Simon, positions which were in conflict in several cases.

[Question] Are you for or against legalization of the PC [Communist Party]?

[Answer] Personally, I believe that it would be tactically correct to have the communists isolated within their party. However, we could only accept legalization of the Communist Party based on the public acknowledgement by its leaders that they accept the plural party and democratic system of government.

[Question] Do you consider the idea of the introduction of the parliamentary system of government in Brazil to be viable?

[Answer] I consider it not only viable but even probable that we will have parliamentarism instituted in the country as a form of government in the future. However, I believe that such an innovative idea should be preceded by a broad national discussion. The implantation of parliamentarism can only be determined through a popular plebescite. I do not believe, nor do I accept the idea, that only Congress has the power to change the form of government without the people being able to express themselves. We must not repeat the parliamentary imitation of the past.

[Question] What do you think of the return to public life of men such as Janio Quadros, Leonel Brizola, Miguel Arraes and Luiz Carlos Prestes?

[Answer] I believe their return is legitimate because they as Brazilians have the right to exercise political activity and to struggle broadly for their ideas. Naturally the people will judge them at the polls because of the errors or good judgement they practiced in public life. I believe they all should justify their participation in various episodes so as to make it possible for even the new generations to become aware of the positions they assumed in the past. However, it is impossible to ignore that they will generally have great difficulties in that return, considering the long years they were away from all political activity in Brazil.

[29 Mar 80 pp 126-127]

[Text] Paraiba Deputy Antonio Mariz, because of his independent positions, was always a dissident, as he describes himself, during the time he was a member of ARENA. Although in political and popular terms he was the candidate with the best chances of winning the governorship of Paraiba, in the last elections he had his name replaced by that of the present governor Tarcisio Buriti. In reprisal, he and Joao Agripino supported the winning candidacy of the MDB to the senate of the present senator, Humberto Lucena. As of that time, the position of Mariz in the government political scheme has become very uncomfortable because his differences with ARENA on the regional plane became irremediably aggravated. When ARENA and the MDB were abolished, Mariz naturally

took the path of the Popular Party [PP]. He is already considered the natural candidate of the PP to the governorship of Paraiba in 1982 and will have as one of the main supports of his campaign the former governor, Joao Agripino, who although he has withdrawn from party politics, has always supported Mariz, who was his secretary of education when he was governor of Paraiba. Agripino, according to many signs, continues personally to be the most influential political leader in Paraiba.

At 42 years-of-age, the first vice leader of the PP in the Chamber, Deputy Antonio Mariz is viewed by many as one of the most affirmative figures of the new generation of Brazilian politicians, who are rising to the top of national public life. A lawyer, he began his career as assistant to the attorney general in Natal, Rio Grande do Norte. He is now in his third consecutive legislative term.

In this exclusive interview with MANCHETE, Mariz makes an analysis of the new party picture and gives the reasons why he chose the PP. He expresses his disagreement with the district vote, advocates direct elections at all levels, including the president of the republic, and says that illiterates cannot be denied the right to vote.

[Question] With the abolishment of ARENA, what led you to abandon the government to join an opposition party such as the PP?

[Answer] I was always a dissident in ARENA. The abolishment of both parties provided me with the chance to seek a platform with which I could identify. The PP, together with the PTB [Brazilian Labor Party], although different, are the only new parties created. The rest allowed themselves to be dominated by inertia. The PDS, at the unconditional service of the government, is a repetition of ARENA. The PMDB did not even dare to innovate in the abbreviation adopted. It continues to be an opposition front, now artificial, since the way was opened for several doctrinaire and ideological nuances of political opinion. The PTB seeks to find its past prestige and power once more. Also new are the PP and the PT [Workers Party]. The PT apparently intends to join the PTB as a variant of the labor faction. The PP intends to be reformist and nationalist, exercising a front opposition to the political, economic and social model adopted by the government. Because of its diversified social composition, it may in fact attain those objectives. Not having any commitments with the past, the PP is in a position to create a modern and progressive program and adopt a consistent plan of action.

A Move to the Right of the PDS is Impractical

[Question] Senator Jose Sarney has already stated, and he was joined in that opinion by several fellow party members, that the PP is a party located to the right of the PDS. Do you agree with that placement?

[Answer] Never. That placement is absolutely absurd. It is impractical to be to the right of the PDS, which indicates nothing more than military support of the military regime placed at the service of the rich and, worse still, at the service of large capital, of even international capital. The PDS today is the merger of all the servilities of the country, based on official favors and abuses of power.

[Question] Are you for or against the institution of district voting?

[Answer] I am against district voting. Also, the district vote is one of the manias of the military regime, which is always obsessed with national security. In our view, the district vote would result in a two-party system, it being presumed that the parties resulting from it would be as strong as the democracy they served. That is a fallacy. As a matter of fact, the district vote should not be trusted because it is nothing more than the last of the tricks by the manipulators of the present official policy. Through manipulation of the future electoral districts, the government would have the tool for controlling the opposition and for insuring, in an artificial manner, the congressional majority which it is having a hard time maintaining and which it could have already lost if it were not for the Falcao Law and the invention of "bionics." Proportional voting becomes one of the gains of modern democracy because it allows the representation of minorities and for that reason is an important element in guaranteeing the legitimacy of representation.

[Question] Do you favor direct elections at all levels, including for president?

[Answer] I am in favor of it. Although theoretically many defend the theory that it is not the direct or indirect nature of elections which defines the degree of democracy of a system, in Brazil it becomes obvious that direct elections are the only way to give the people the power to constitute a government in view of the manipulations of direct elections by the possible holders of the highest positions, as has been demonstrated by the experience of recent years. Indirect elections in Brazil are synonymous with appointments. It is necessary to return the right to elect their government leaders to the people.

[Question] Would the parliamentary system of government not be a solution for Brazil?

[Answer] In theory the parliamentary system offers many advantages over the presidential system. The first of them is flexibility, which allows the replacement of governments, depending on circumstances, without causing traumas. Another advantage is the harmony between the government and the national majority expressed in the Congress. Moreover, the parliamentary system allows selection of those best suited for the formation of cabinets without considerations of geographical type. In the

presidential system, the chief executives will always be from the large states having the largest electoral colleges. I do not believe, however, that it is the proper time to discuss the form of government. The immediate priority is the reestablishment of democracy. Once democracy is consolidated and its social bases of support expanded, the moment for pitting the presidential system against the parliamentary system will come and the nation will be given the power to make the final decision.

[Question] Do you believe that the granting of the vote to an illiterate is an advance or a regression in our process of political development?

[Answer] The vote for the illiterate is undoubtedly a democratic conquest. Democracy is all the more perfect when the sphere of political participation is greater. The illiterates of Brazil of today are second-class citizens. They do not vote nor are they represented, despite the fact that they assume all the other duties of citizenship. The extension of the vote to illiterates may mark a qualitative change in the electorate of an unforeseen nature. Initially there is the risk of concentrating power in the voter "corrals" and of giving rise once more to the power of the rural "colonels." At the same time, however, it would be inconceivable to deny that right. It is preferable to speculate in an optimistic manner and foresee that the great influx of the illiterate mass could, on the contrary, cause the breakup of the schemes of patronage control which still exist in some geographic and social areas of the country. This would, as a result, generate a greater spontaneity in the manifestation of the national will.

[Question] What do you think of the return to political activity of the men of the most diverse thinking such as Brizola, Janio Quadros, Arraes and Prestes?

[Answer] I believe that the Brazilian political picture would not be complete without the presence of those political figures. On that aspect, amnesty was an indispensable element of democratic reconstruction. Each of those men, no matter how disparate their political commitments may be, represents a portion of national opinion, which undeniably has the right to be heard. The system of freedom determines that there will be no more discrimination, on the contrary, all sectors of opinion may be expressed freely.

Presidential Complaints With Respect to His Outstretched Hand

[Question] President Joao Figueiredo on more than one occasion has complained that he has extended his hand but had had no corresponding gesture from the opposition. You, who are now in the opposition after having belonged to the government, do you believe the presidential complaint to be valid?

[Answer] The president should not complain about the opposition but of the regime he represents. That regime has not been prodigal in keeping the promises made to the nation. Repeated frustration of national expectations in the face of the uncereemonious manner in which the regime makes a turnabout and abandons the promises solemnly made, justifies the distrust with which the opposition receives official statements. It is not necessary to go very far. It is enough to recall the episode of the voting for a fractional slate at the end of last year, when the agreement signed between the most accredited government spokesmen and the Congress was not complied with. The fractional slate rejected by the most absolute majority of the popular representation in Congress, was revived thanks to the veto by the president of the republic.

[Question] Do you really believe that the government amendment favoring direct elections for government is in earnest?

[Answer] I believe that the governor elections in 1982 will be direct. If the government is thinking of breaking its pledged word, withdrawing the message already sent, it would run the risk of being overruled by Congress. Direct elections will be approved either by proposal of the government or by Congressional initiative. There is almost unanimity today in favor of direct elections for governor. Not even the docility which has characterized the official party can soothe the government sectors in case there were an attempt to thwart this trend. After all, these elections have been awaited since 1966. Congress has exhausted its patience, and in this it reflects the national sentiment. That is the reason for believing there will be direct elections in 1982.

[Question] Do you believe it is necessary to convoke a Constitutional Assembly or do you believe that the political life of the country can return to normal simply through a broad constitutional reform?

[Answer] I believe that the Constituent Assembly is necessary. The present constitution, imposed over that of 1967, suffers the superimposition of many mutilations and today has no systematic unity and is full of contradictions and authoritarian left-overs. Only a constituent assembly would have the legal authority to prepare a new social pact, clearly establishing democratic principles in the organization of the state and its power and the guarantee of the basic rights of the human being. Even if there has been no violent break in legal order which in itself would justify the convocation of a constituent assembly, the abolishment of Institutional Act No Five [AI-5], would signal a new phase in political life and therefore requires the convocation of a national constituent assembly.

[Question] Are you in favor of a new income distribution policy in the country? Do you believe that the existing policy fully satisfies our needs?

[Answer] A new policy is necessary. The social debt, to use the expression of Rubens Costa, of the state to its people has only increased in recent years. Five million families, according to the latest known statistics, are absolutely poverty stricken. The number of illiterates is still above 20 million. Unemployment and underemployment afflict a like number of millions. Like social contradictions and inequalities, the difference between regions increases. The Northeast feels uneasy. And in the resulting climate of dissatisfaction there is no lack of voices already which even demand regional economic emancipation, which would even be a threat to national unity.

The Distribution of All Taxes is Very Unequal

[Question] Did not the states and municipalities lose much of their financial power, particularly after 1968?

[Answer] The autonomy of states and municipalities and, therefore, the very existence of the federation depends in large part on their financial self-sufficiency. Successive tax reforms promoted after 1966 resulted in the unequal distribution of public revenues; the largest part being concentrated in the coffers of the Union. The states and municipalities beg for resources at the door of each ministry. Direct elections for governor will themselves lose much of their meaning if, together with political reform, there is no restoration of taxing power to the federative units and to the municipalities. On the practical level, the first and most visible evidence of dependency in which the states and municipalities find themselves is revealed in the subservience of the governors toward the power of the Union and in the melancholy spectacle of the toadying by the prefects, who although many times elected by the opposition, go to prostrate themselves before the federal authority in the hope of wheedling a few pennies for their hard-pressed municipalities. It is, therefore, an urgent task of the National Congress to effect a tax reform. This is a need for the autonomy of the states and municipalities. The federation will not survive due to the increasingly arbitrary power of the treasury of the Union.

[Question] If there were direct presidential elections, would the PP accept a military candidate for the presidency of the republic?

[Answer] We have no prejudice against the military. That which insures the democratic nature of a choice is not the status of the candidate but the nature of the elections. With indirect elections it matters little whether the candidate is civilian or military. What is important is to acknowledge the people as the only source of power.

[5 Apr 80 pp 90-91]

Senator Murilo Badaro of the PDS of Minas Gerais confesses that he was trained for public life from an early age by his father, a doctor from Minas Novas, who was also a politician elected as a state and federal deputy. Moreover, all his family has deep historic roots planted in state politics. His grandfather, Francisco Coelho Duarte Badaro, was a member of a constituent assembly in 1891 and later the Brazilian ambassador to Rome. However, before entering politics, Senator Badaro had a career in the theater. Using the stage name of Ricardo Villa, he sang opera as a baritone in several performances in Belo Horizonte and Rio, including the Municipal Theater. His voice was acknowledged by critics as being one of the best to appear in Brazil.

However, the definitive vocation of Badaro was politics. At 26 years-of-age, he was elected deputy to the Minas Gerais Legislative Assembly. During the 1967-1978 period he served three consecutive terms in the Chamber as one of the most active federal deputies. In 1978 he was elected indirectly as the senator from the state of Minas Gerais, although his initial objective had been the governorship. A member of the old PSD group, he is frequently mentioned among the names of those having the qualifications to be the PDS candidate for governor of Minas Gerais in 1982.

Speaking exclusively for MANCHETE, Senator Badaro declared that despite the caution required by the economic crisis, nothing will be able to halt the process of democratization. After justifying the reasons for accepting indirect election to senator, he deals with controversial subjects such as direct elections for president and governor, district votes, the church position toward our situation, agrarian reform, the parliamentary system and other questions of the present Brazilian political and social moment.

[Question] As a result of the successive mutilations suffered by the Constitution during past years, there are those who believe that the only way of obtaining a reordering of the legal life of the country would be through the convocation of a national constituent assembly. What do you think about that?

[Answer] Congress has powers to reform the Constitution and I do not believe it should give them up. We are, historically, victims of an exaggerated legal formalism, which always lead us to resort to partial reforms of the Great Charter when faced by any crisis as a panacea for institutional ills. Better than thinking about a constituent assembly, which is much more an opposition "slogan" than a specific formulation, would be to rid the present constitution of any traces of emergency provisions and to begin to live and practice our democratic principles with sincerity and greater devotion.

[Question] If there are--and everything appears to indicate there will be--direct elections for state governors, do you not believe that the direct election of the president of the republic will be the normal result of subsequent events?

[Answer] Certainly pressure for direct election of the president of the republic will increase. However, there is no relationship of cause and effect between them except the political decision of the time in which the problem would be placed. Personally, I am against direct elections for president and a staunch defender of the direct process for state governors.

[Question] Will the PDS as a party not have the same vices as ARENA? Are the factions which make it up not too conflictive to make up a party which intends to survive several governments?

[Answer] The basic difference between the PDS and ARENA is that the old government party nourished itself on a basic lifeblood of authoritarianism as opposed to the PDS which intends to condition the government to its program, which is voluntarily supported by the legislative majority. The restrictive discipline of ARENA gives way to voluntary participation, and this fact strengthens the unity of the new party even more.

[Question] Senator Paulo Brossard, Deputy Herbert Levy and many other members of Congress believe that the only solution capable of giving political stability to the country and its institutions would be the implantation of a parliamentary type government. What do you think of that?

[Answer] Old Raul Pilla kept the flame of the parliamentary system alive as long as he lived. Not even the force of his faith managed to overcome the invincible reality that the presidential system is the system best suited to the conditions of the Brazil of today.

[Question] What do you think of the reentry into public life of those formerly cassated such as Brizola, Arraes and others? Do you not believe that Brizola had less political acceptance in the country than he probably expected?

[Answer] Naturally, particularly because the changes which have taken place in Brazil in past years do not allow dreams of power or totalitarian inclinations of any type.

[Question] Brazilian bishops meeting recently in Itaici prepared a document in which they pose the need for an agrarian reform for Brazil. Are you in favor of an agrarian reform and of a broader social program which favors a better distribution of the income in the country?

[Answer] I favor anything that will reduce the poverty existing in the rural area, that will improve the productivity of the small rural businessman, that will give value to his product and reduce dependency. No government measure can ignore the imperious need for increasing the number of Brazilians participating in the results of progress and our development.

The Gravity of the Situation is Not So Alarming

[Question] There are those who are apprehensive about the serious economic crisis the country is undergoing because its effects could be felt in the political process underway. Do you share that apprehension?

[Answer] First of all, the gravity of the crisis is not so all-encompassing that it should cause alarm, although it requires caution. Secondly, the plan for democratic improvement has already acquired its own vigor which nothing can curb any more. The unsurmountable crisis exists for the incurable pessimists as well as for the incorrigible prophets of doom. With effort, everything will be overcome within a climate of democratic construction. I believe in the talent and abilities of Minister Delfim Netto.

[Question] Excluding the PDS to which you belong, how do you view the other parties' situation in the area of the opposition? Which of them offers the best prospects for the future?

[Answer] Only the 1982 elections will show the opposition picture more clearly. It is barely outlined now.

[Question] The district vote is presented by the opposition as the casuistic instrument the government will use to crush opposition parties in future elections. Do you not believe that the Brazilian voters do not yet have enough civic education to practice district voting, which on a broad scale could be influenced by economic power?

[Answer] The district system is the one which offers the best advantages in combatting the influence of economic power, electoral fraud and corruption. Large-scale participation by the voters in the process increases vigilance and creates a bond of profound responsibility between the voter and the interests of the district. I am completely in favor of the district vote system, which will cause a profound reform in the political life of the country because of the natural improvement and authenticity of representation. I believe that its adoption should be preceded by a broad national discussion so that the country can become aware and knowledgeable about its extraordinary advantages and become convinced that political stability and good democratic health has a close relationship with the district vote.

[Question] Why did you accept the "bionic" senator's appointment? The opposition points to the indirectly elected senator as one of the greatest defects contained in the April package. What do you think of that?

[Answer] I accepted within the context of Minas Gerais politics after appeals of such intensity and respectability that I could not refuse. Pressed by the many municipalities and regions of Minas Gerais I represent, I believed that I could not forego such powerful working tools for their interests and those of the state, whose major interests I have defended with zeal and loyalty. I always considered the indirect election to senator as a temporary institution, however, in the largest democracies of the world (Germany, France, Italy, Spain and so forth), senators are chosen by an indirect process. A product of Brazilian institutional instability, like parliamentary systems resulting from the 1961 crisis, indirect election to the Senate is not a defect but a product of the time of political transition we are undergoing. Just as those who served the parliamentary system, the senators will be judged, not because they participated in the transitory institution or were elected by the electoral college which elected governors and vice governors, but by the seriousness, competence, civic zeal and public spirit with which they acted and by the contribution they may have made to the democratic betterment of Brazil and the parliamentary institution. As far as I am concerned, neither I nor those who voted for me regret it and my work of today will stand up in the future.

[Question] As a result of the economic crisis, do you not believe that if direct elections for governor were held today the government would be broadly defeated at the polls?

[Answer] Elections normally serve to show that myths are not such great myths nor are they as invincible as it is proclaimed. Jimmy Carter was at the lowest point in his public opinion approval ratings when the Afghan crisis and the seizing of hostages occurred, which placed him in a position of great advantage. I have already seen candidates win and lose as a result of unfortunate actions or words on the eve of elections. Projections indicate, to the contrary, that the government will tend to be broadly victorious because of the popularity of the president and the foreseeable success of the struggle against inflation.

[Question] You and many other politicians are already presenting yourselves as candidates to succeed Governor Francelino Pereira. On the other hand, the opposition represented by Magalhaes Pinto and Tancredo Neves asserts that it has all the conditions for winning the Minas Gerais governor elections, given the strong oppositionist sentiment existing there. How do you view the unfolding of that political picture?

[Answer] In Minas, as a rule, it was a matter of succession on the day of the inauguration of the person to be succeeded. Whether or not this is a defect of the people of Minas Gerais, the fact is that politics is involved in the everyday life of Minas Gerais. With the advent of direct elections, many candidates will appear, naturally. It is the good fortune of Minas Gerais that it has some very good people on its political scene who are taking part in the elections. If the present picture prevails, I believe that the PDS will easily elect the governor of Minas.

His Candidacy For the Governorship Will Be Unbeatable

[Question] Are you or are you not a candidate for governor? If you are a candidate, what are your real chances?

[Answer] No, not necessarily. If I were chosen by the party, I consider I would be an unbeatable candidate. There is a natural consensus in Minas on that statement. The rest is fate.

[Question] How could we place you in the national political picture: a man of the center, the right or the left? A liberal or a conservative?

[Answer] Those classifications, artificial and many times deceptive, became a point of reference for classifying politicians, it being difficult to avoid them. That is why I classify myself as a man of the center. For the people of Minas, the center is a heartfelt position because they hate radicalisms and extremisms of any type. Everything in Minas seeks a balance, the symbol of the virtues of its people. To be a radical or an extremist is easy. The difficulty resides in being in between because it requires a permanent exercise of will. There is nothing more fleeting than the intermittent and inconsequential appearance of heroism or bravado; extremely uncharacteristic attitudes in Minas Gerais. Liberals or conservatives, miners or plainsmen, both categories basically seek an equilibrium, always upset when Minas took part in the revolutions which changed the course of history of Brazil. Liberals, but obedient to the law; conservatives, seeking in traditions the inspiration for promoting the most advanced reform, that is the way the people of Minas Gerais are; enigmatic, suspicious, loyal, strictly maintaining their ideosyncracies and more receptive of the new times in which they were always the vanguard. True to the spirit of Minas Gerais, I consider myself a liberal-democrat whose philosophical roots are deep in the dearest traditions of my province.

[Question] How do you view and react to the political and social positions assumed by the Church in Brazil?

[Answer] As a Catholic I sincerely applaud the concerns and the attitudes of the Church toward the social problem in Brazil. I react, however, to the political manipulations which extreme groups are trying to carry out with these positions, which have the best of evangelical inspiration. I sincerely believe in the Christian message of the Gospel. Bergson said that democracy is essentially evangelical. It is worth pointing out that the concerns of the Church with respect to the social problem serve as an instrument for cooperation with the government in the solution of many problems. What I do not accept is the official positioning of the church at the side of political parties or in militant actions against the system or government. Such behavior will result in radicalisms and harm the evangelistic action.

[Question] How did your entry into the PDS take place?

[Answer] I was gratified to receive a solemn and formal invitation from President Figueiredo to join the PDS with him. This and other circumstances of regional and group nature led to my joining the PDS, a position later consolidated by my voluntary and thought-out support of the program of the new party, whose basic lines meshed perfectly with many points of my political thinking.

[12 Apr 80 pp 102-103]

[Text] Deputy Alvaro Valle, who this year will be 46 years-of-age, began his diplomatic life at Itamaraty, holding several posts abroad ranging from Gotemburg, Sweden, Washington and New York to Rosario in neighboring Argentina. Intensely interested in the public life of the country, which he always followed attentively from his youth, in 1970 he gave up diplomatic activity for a political career, being elected deputy to the Legislative Assembly of the old state of Guanabara. In the 1974 elections, he made another leap: he competed for, and won, a seat in the Federal Chamber, where he is now serving his second term. Deputy Alvaro Valle, who in the past was closely linked to Christian Democracy and to some of its principles leaders, always sought to influence the typical middle-class voter of Rio de Janeiro where he was born. With the abolishment of ARENA, he opted for the PDS. In this interview with MANCHETE he discussed many subjects of the national political situation. For example, he advocates direct elections because he believes that they are more within the spirit of Brazilian republican traditions. He favors the broadest freedom of party organization. He describes parliamentarianism as perhaps being the quickest road to dictatorship. He criticizes the political strategy of the government because it does not know for sure what it intends to do.

As far as the rumors that there is the intention of introducing district voting in Brazil is concerned, he is of the opinion that it could lead us to an "unforeseeable adventure." As far as he is concerned, the district vote in France was suitable there and stabilized the governments of the center-right because of a situation entirely different than ours. With the district vote in our country, we are once more going to have the voter placed before the government-opposition dilemma. Under those conditions, he believes that the Brazilian voter always tends to vote for the opposition, particularly if it adopts a line of behavior which is "more Brossard and less Arraes."

[Question] Do you not believe that in a presidential system it is difficult to maintain the theory of indirect presidential elections? Are indirect elections for president not more in keeping with the parliamentary system?

[Answer] No, I do not see any relationship between direct elections and the presidential system. The separation of powers, a basic element in the presidential system, is insured by constitutional mechanisms and not by the way in which the president is selected. I believe that the two systems are valid in the presidential system. I prefer direct elections in Brazil only because they are more in keeping with our republican tradition and because our party structures are still deficient.

[Question] Just as happened in 1945 and 1966 and is happening now, the new parties are being created without any ideological foundations. Basically, that which is distinguishing the parties is the regional situation in each state. Do you not think that because of this the parties being created will never be able to contribute to the betterment of our political customs?

[Answer] In a democracy, social and political reality are the great driving springs. Alienated parties were also formed in 45 and 66, but elections and public opinion began to place them on their natural courses. The UDN [National Democratic Union], the PSD, the PTB, and the PDC, went on to become representative like the ARENA and the MDB. The crisis came later when party leaders (the political class) did not acknowledge new realities and the parties crumbled. Now, the entire process would be more rapid: what happened in decades is happening today in years. The 1982 elections must place the parties on their natural courses. Then we shall see how the emerging leadership, which will probably be completely new, will behave.

The PDS Program Contains Christian Democrat Points

[Question] In the past you were closely linked to the Christian Democrats. Does the PDS, of which you are a member, have a line of action, in your opinion, which is close to that of the old PDC? Senator Franco Montoro of the PMDB, who in the past also belonged to the PDC, received a statement by you in which you said that the PDS had a program committed to the philosophy of the Christian Democrats, with irony. Who is right, you or the senator?

[Answer] All that is required is to read the PDS program. It has basically incorporated the basic points of Christian Democracy, and Senator Franco Montoro cannot deny that. What he could say is that he does not believe that the PDS is going to follow a Christian Democrat position. I do not have a crystal ball and I do not know futurology. To analyze a party which began yesterday, I have to base myself on its program. If he believes that the president is far from Christian Democracy, I could tell him that Miguel Arraes is much more distant from it. The program of the PDS was not dictated by anyone. It was broadly discussed and is the result of a political climate which was born of debates among hundreds of legislators, who will be its leaders. An advanced program was approved convincingly. Whether it will be fulfilled or not depends on all of us. The Christian Democrats could join us and also demand fulfillment of the program. That is the constructive line of action.

[Question] With the position assumed by the government when it resolved to oppose the approval of the Lobao Amendment on direct elections and offered resistance to the Chamber bill that returns the prerogatives of the Congress, there are those who see in this that the Executive is trying to influence the actions of the Congress. Do you agree with those who think that way?

[Answer] It is obvious that the Executive will attempt to guide the actions of the Congress for a long time. If that happens in the entire world, it will be even more so in Brazil where the habit is deeply ingrained. If there were prudence on both sides, we would arrive at a point of balance. The amendment by Deputy Flavio Marcilio is typically an amendment of the Legislative Branch and its discussions will make the Executive-Legislative relationship more dynamic. I believe the problem was different with respect to the Lobao Amendment. It is a matter there of a dispute on an initiative between a legislator and the leaders of the process of lessening of tensions. The message from Planalto was clear: "We believe that the reins still need to remain in our hands." That alone justifies not voting for an amendment with which everyone agrees. I think that government strategy is erroneous because it does not say clearly what is desired. Democratization presupposes more power for the legislators but it also means a greater amount of party organization.

[Question] In recent years there was little renovation on our political scene. However, if there were the actual return of power to civilians in the succession to President Figueiredo, what names do you see as having the best qualities in your party, or outside of it, for exercising the presidency of the republic: Minister Delfim Netto, Governor Paulo Maluf or Ministers Ibrahim Abi-Ackel and Mario Andreazza?

[Answer] We are very far away from succession to be thinking of candidates. There could even appear names now unknown in the picture such is the acceleration Brazilian political events should acquire. An example of that is the mention of Minister Ibrahim Abi-Ackel. He is perfectly prepared to be president of the republic; however, he was completely unknown up until a short time ago by the general public. Minister Delfim may not grow depending on the results of the economic policy and on what happens in Sao Paulo. Governor Paulo Maluf up to now appeared to me to be a Janio Quadros in reverse. Up to what point that will be true I do not know. Minister Mario Andreazza had not yet played his political cards and the process now is essentially political. In short, many things can happen up to the time of succession, and President Figueiredo will probably be the great arbiter of the official candidacy, as it has always been in Brazil. The presidents are decisive factors even when they do not manage to make the successors.

[Question] Do you or do you not favor the implantation in Brazil of a parliamentary system of government?

The Balance of the Presidential System is Preferable

[Answer] No, I am in favor of the presidential system under any conditions, particularly in Brazil. The parliamentary system smells of Rousseau: unrestricted sovereignty of the people, totalitarianism. Nothing is absolute on a human level and not even the uncurbed will of the people is expressed by the parliamentary system. I prefer the balance of the presidential system. In the Brazilian case, where there is a permanent political instability and in which we are undergoing a critical period of development, I fear that the Parliamentary system will lead to stagnation and dictatorship. We are not always going to blame others for whatever happens. We, the parliament, have also committed serious errors in recent years, particularly by falling into a political unrealism as we did in 69 or in 77 when we had a share of power. Remember that if there are no structures prepared for the exercise of democracy, the parliamentary system can lead, and it has led, to worse dictatorships.

[Question] Do you condemn or defend legalization of the Communist Party?

[Answer] In practice it would be very good to have a Communist Party in Brazil. It would put an end to the present infiltration and we would be fighting a visible and obvious enemy. Since I do not fear Marxist arguments, I believe that we would beat them in a debate. Moreover, they would play a dynamic role, forcing the parties of the right and the center to be permanently vigilant. In theory, I believe that it should not be legalized because it intends to destroy the system. For example, we would also have to legalize a Nazi Party.

[Question] Would the district vote become a solution or a barrier to the betterment of our political customs?

[Answer] As far as I am concerned, district vote in Brazil would be an adventure of unforeseen results. According to some, it would give stability to the government because that process stabilized the French center-right. It so happens that the problem is different in Brazil; perhaps it is the opposite. Over there the left wins proportional elections and loses the majorities. In Brazil it is the government which loses the majorities and wins the proportional. That is why over there the union of the left is defeated by the district vote and by the "deuxieme ballottement." District vote means electing one senator per district, turning all elections into majorities, radicalizing them. In Europe at the time of making a choice, the people believe that they are going to choose between communists and democrats. They think of freedom, NATO, the Common Market, their life, which after all is better than before, the risks they are going to take, the invasion of Hungary and they wind up voting against the left. In Brazil, the people would conclude by thinking about the cost of living and opposition to the government--as happened in 1974. To win, all the opposition has to do would be to be more Mitterand and less Marchais, or more Brossard and less Arraes. The elections radicalized, the tendency would be to vote for the opposition, not because of any fault of the government but because that is natural in a country which faces our problems in this phase we are undergoing. There are those who say that the district vote municipalizes the elections. I can believe the opposite: it politicizes the municipality, encouraging votes for fractional slates. In 1974, ARENA won deputy elections in many municipalities in which it lost senator elections. The reason for this is that the voter, even because of an aimless reaction against the state, will vote for the opposition when he is presented with only the choice of government or opposition. The mixed district vote has the advantage of allowing the experience with fewer risks.

[Question] President Janio Quadros, who frustrated millions of Brazilians with his dramatic act of resignation, is attempting to return to politics. In your opinion, would that return by Janio be good or bad for our political process?

[Answer] It is as if someone were to ask me if I found a picture pretty or ugly. I could not answer because I do not accept the basis of the question. Janio committed an error in strategy. Every politician makes similar mistakes in his life. His was greater because he was president and he had to suffer the consequences we all know. However, the ones who were responsible were all of us who chose an unprepared president. This was particularly so of the leaders of the time, who led the nation to that orgy of demagoguery. Whether he is a prepared and mature leader today, we shall see with the passage of time. If he is, so much the better. The country still needs leaders. It is sad that we have to look for men who have already so profoundly disillusioned the nation in that which it held most dear: its hopes. That is not healthy, this pathological political picture where persons of a republic, which should have been left behind in 1964, are being resurrected.

[Question] In your opinion, can the economic crisis interrupt the program of democratization measures?

[Answer] Unfortunately it can. It should not, but it could. Theoretically, neither the American or British democracies are exempt from profound economic crises. The greater or lesser degree of resistance depends on the consolidation of the institutions and their versatility in confronting new realities. Favoring a greater degree of resistance by the democratic institutions of Brazil is the state of weariness with a strong regime and the willingness of the armed forces, reiterated by their chiefs and felt by all of us, to safeguard the regime, except in the case of chaos. Against the institutions, is the fragility of our parties and the inflexibility of our laws.

[Question] Among the new opposition parties being created, from your point of view, which of them has the best chance of achieving a voter base in the future?

[Answer] In terms of opposition, the PTS has a clear future ahead of it. It is natural that it is progressing along with the industrialization process of the country. If the PDS fulfills its program, I believe that the PP will be the radically conservative opposition party. The PMDB and the PT apparently have not yet taken a stand and will not divide up the voters of their natural area. We shall perhaps have to wait until the 1982 elections.

[Question] You, who in the past were a member of the political group which fought Leonel Brizola in Rio, to what do you attribute the substantial changes which have taken place in the behavior of the former Rio Grande do Sul governor? Could it be that he has truly changed or is it in essence only a circumstantial political tactic?

[Answer] I could not answer that question, which involves an evaluation of a personal type. I never spoke personally with Brizola and do not have the slightest idea whether or not he being sincere. However, I believe that a person can change profoundly after living many years outside Brazil. Our politics are Kafkian, filled with errors, very much a result of concentrated power. Coexisting with other political realities, consuming another type of culture in daily life, being induced, even by the newspapers, to do other types of reading, talking with leaders of other types, it is natural that a man may have acquired a new dimension. At the same time, time passing by and age is increasing. I do not know if that happened to Brizola. However, because of the risks involved in believing in him, I prefer to maintain my reservations.

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BUSINESSMEN VIEW GOVERNMENT ECONOMIC, TRADE POLICIES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Apr 80 p 35

[Interview with "businessmen and economists" Romeu Chap Chap, Americo Oswaldo Campiglia, Pedro Conde, David Moreira, Salvador Firace, Renato Ticoulat Filho, Marcos Giannetti de Fonseca, Marcos Xavier de Silveira, Einar Alberto Kok, Paulo Francini and Andre Franco Montoro Filho: "Businessmen Support Economic Policy"; date, place and name of interviewer not given]

[Text] The government's economic policy is appropriate and the measures adopted to restrain price increases seem to be the most reliable. The complexity of the problems the nation faces, however, may make it had to reach some basic goals, such as balanced trade, despite the efforts made in this direction.

Analysis of the foreign debt in this context leads to the conclusion that its renegotiation is inevitable, according to some, whereas others consider this measure "absurd" and a factor that would damage Brazil's image and prevent it from changing the debt profile. On a related subject, foreign capital is welcome and the control mechanisms existing today are adequate.

These positions reflect the opinions of businessmen and economists interviewed by O ESTADO DE SAO PAULO on subjects the first part of which appeared in Sunday's paper. Those interviewed are: Romeu Chap Chap, Americo Oswaldo Campiglia, Pedro Conde, David Moreira, Salvador Firace, Renato Ticoulat Filho, Marcos Giannetti de Fonseca, Marcos Xavier da Silveira, Einar Alberto Kok, Paulo Francini and Andre Franco Montoro Filho.

The Difficult Fight Against Inflation

[O ESTADO DE SAO PAULO] What do you think of the government's economic policy, especially the policy for fighting inflation? What measures would you suggest to strengthen the policy restraining price increases?

Chap Chap: With a few reservations, I believe the measures that have been adopted by Delfim are pointing in the right direction. However, repressed demand, exacerbated since the last quarter of 1979, results in demand for goods in the domestic market being well above supply. And this generates inflation.

Meanwhile, increased interest rates in the international market, which went from 10 percent to 20 percent per year, have been aggravating the disequilibrium in our balance of payments. Debt service, worsened by this increase, will require Brazil to make a great effort to increase exports and reduce imports, which will involve, as was just said, adopting a policy of austerity.

In other words, I think the policy is correct, but Delfim has had to face many obstacles in putting it into practice. The truth is that the planning minister has opened the floodgates, but things are different today. It is not enough today, for example, to set a price for milk: the producer complains, and complains loudly, simply because input costs increased more than expected, and the government must give in. Political liberalization requires dialog and not force, although it may be highly beneficial for our economy.

Campiglia: Since the latest cabinet reshuffling, the government's economic policy has been conducted consistently and objectively, so that it can be expected to have favorable results over the intermediate term. There are multiple and complex factors, indirect and autonomous, that contribute to the inflationary process. The measures required to combat inflation are also multiple. The options must, obviously, observe a scale of priorities compatible with current factors at the same time that the Brazilian business system must make the sacrifice required of each one within the common effort.

The monetary and structural measures that the present government has been adopting undoubtedly follow that line of conduct and, in their own time and gradually, will be complemented according to the effects achieved, because the essential flexibility for making the accommodations that circumstances dictate will not be lacking.

Having achieved the objective of reducing demand pressures, a phase in which monetary measures predominate, it is important to apply all effort to growth of aggregate supply of goods and services, on the assumption that normal price behavior depends upon the balance between supply and demand and that, in any event, only development will provide the conditions for employment opportunities to reach a level compatible with our demographic growth.

Conde: I believe the best path is the one being taken. I defy anyone to suggest a solution that in the aggregate better meets the nation's current needs. I have discussed this subject a lot with businessmen in various

sectors recently and they are all more or less in agreement with the policies being pursued.

The adjustments made in economic policy displease one segment or another of society, but what we must seek is the aggregate welfare and this requires sacrifice from all. Criticisms that have been voiced come from persons who favor the war against inflation only so long as the battle is waged in their neighbor's backyard.

With regard to price control, I see it as a temporary measure intended to combat specific problems. But the ideal, permanent and definitive alternative is for prices to adjust to supply and demand. Permanent artificiality is not the best solution.

Moreira: We understand, of course, that the government would like to achieve multiple and extremely complex objectives in a domestic and international climate of growing uncertainty. But, alas, that is the burden of one who is inclined to confront problems and propose solutions. Inflation, the balance of payments, economic growth, income distribution and political liberalization are realities that require dedication, integrity, flexibility, sensitivity to public opinion and, above all, complete commitment to the interests of society.

Some proposals, such as predetermination of monetary correction and exchange devaluation, credit expansion for the private sector, domestic interest rates, the new wage policy, price control, monetary expansion, obtaining loans abroad, and so forth, seem to be much more an exercise in persuasion than actually attainable quantitative objectives.

Of course, it is still too soon to look for results, bearing in mind the most recent effort to overcome inflation. But the month of March was a bad omen, at least in terms of controlling inflation.

In regard to the problem of price controls, we think there are few details to report concerning the policy adopted. As a matter of fact, price control must be responsive and flexible, in that there is not a single system of prices in the economy, but, rather, coexistence of price systems originating in monopolistic, oligopolistic and competitive sectors. What could be suggested would be more energetic action by the government through direct intervention with producers, distributors and consumer cooperatives regarding nondurable goods such as foodstuffs, personal-care items and low-cost clothing.

Two Roads: Agriculture and Taxation

Firace: The fight against inflation that has been conducted by the government has faced serious difficulties due to the universe of economic, social and political problems. As the economy is a cumulative process of chain reactions, the government's efforts are being diluted by the multiplicity of reactions that can be overcome only if the following are established

and carried out rapidly and forcefully: a) Replacement of "cost" inflation by "demand" inflation would do away with the absurd financial cost of maintaining inventories, stimulate production and maintain full employment; merchandise would be valued realistically and money would lose its speculative influence in the financial market. b) Give the ICM (tax on movement of merchandise) the same selectivity the IPI (finished goods tax) has, in that the essentiality of the product would be a factor in income redistribution. For example, tobacco and alcoholic beverages, except for wine and beer, would pay ICM in proportion to the IPI rate, to the benefit of essential commodities, which would be exempt. To compensate agricultural states, the ICM thus charged would be awarded 50 percent to the producing state and 50 percent to the consuming state. The same thing could be done with other nonessential goods. It would be a step toward the single tax. c) Provide credit to agriculture at interest rates that decrease to the extent that productivity increases. d) Through selective credit to agriculture, gradually establish agricultural zoning, intensifying the traditional areas of production, where the existing railway and highway network, warehouses, silos, processing and marketing facilities provide conditions for tripling agricultural output without the need for any additional investment in infrastructure. This implies the disutility of opening new agricultural frontiers 1,000 or 2,000 kilometers from the centers of consumption (at high cost to the national treasury), saving them for the next 50 or 100 years. e) Reduce the sophistication of the whole process of marketing and packaging essential foodstuffs, greatly reducing their costs. We are a poor country. We should live within our means. f) Force a reversal of the retail sales of large chains that sell for cash and buy on credit (and at what terms!), competing with the small merchants who sell on credit and buy for cash (monthly accounts), where the cost of food is highest in low-income communities. g) Establish proportional rates for public services that vary among low, middle and high income classes. h) Eliminate monetary correction as an indicating factor and establish a single criterion as moderator, through a government bond (ORTN [Readjustable National Treasury Bond] type), channeling attraction of small savings accounts to the official entity (as in the Japanese model). Such variations would also be used to correct wages, since they would be made up of a fixed part (frozen) and a variable part to be corrected semiannually according to the single index, which would also be used to control prices of goods and services and interest rates.

Ticoulat: The government's economic policy, giving primary emphasis to the agricultural sector, is correct. The current record harvest is proof of the rapid, substantial and complete response of the sector to governmental stimulus. Inflation can be contained only through increasing domestic production, and the consequent price stability. The capital problem we face right now is establishing economic policy for the 1980-81 harvest. The increase of all agricultural costs, some at a greater rate than inflation, requires minimum prices to be set very carefully, as there is a risk of disincentives to production.

Prices that may seem quite good when compared to inflation will be, due to the higher prices of agricultural inputs, highly unprofitable for the rural producer who, as a result, I contend, will reduce his production. Setting reasonably remunerative minimum prices for the next harvest is essential and should be done in a timely fashion. The nation's economic leadership, meanwhile, must constantly and convincingly express its desire to maintain the sector's expansion.

Fonseca: Since 1973 the government economic policy has been trying to maintain the growth standard of previous periods without paying any attention to the fact that the system's current condition has not made such continuity possible. As a result, the growth rate has had to be reduced, with all the undesirable social implications of such an alternative, compared to the alternative of changing the direction of the economy's growth.

Moreover, the serious distributive conflict resulting from reduction of the growth rate eventually forced the inflationary rate to rise. After all, it must not be forgotten that the evidence for the Brazilian economy throughout three decades indicates that the periods of greatest growth are those of least inflation and vice versa. Such evidence clearly reveals the social-conflict nature of the inflationary process in Brazil. But such considerations cannot explain the recent acceleration in the process starting in the second half of 1979. In conjunction with the lower growth rates of last year, the corrective inflation brought about in recent months of 1980, under the pretext of correcting relative prices, eventually resulted in a new inflationary plateau. The rate of inflation rose artificially with the expectation that by the end of the year, as if by the magic of the Gregorian calendar, the rate of inflation could be reduced to that of the first half of 1979 or even lower.

Such simplistic reasoning disregards not only the nature of the inflationary phenomenon, but also the momentum that inflation exhibits once given the initial thrust. Abatement of the inflationary process requires a climate of prosperity in which it becomes possible to administer the distributive conflicts that are the primary focus of inflationary pressures.

Balanced Trade: Uncertain

[O ESTADO DE SAO PAULO] In light of the international economic situation, do you expect equilibrium in the trade balance for 1980, as does the government? Why?

Chap Chap: Is equilibrium in the trade balance possible? Yes, it is. But in practice it will be very difficult, for two reasons: It will depend, in the first place, on increases in petroleum prices this year (they should have been moderate, but this is not occurring and is not likely to occur) and, finally, on the prices of our products on the foreign market (they should rise with the price of petroleum, which is not occurring either and is very unlikely to occur). After all, it is a case of a cartel,

that of petroleum, against a highly seasonal and competitive market, agriculture. Hence, I contend equilibrium will be very difficult.

But I believe we may achieve some results. In previous years and currently we have already lost a great opportunity to restrain the growth of liquid-fuel consumption through genuine rationing.

Seven years have gone by since the outbreak of the petroleum crisis and the only control on consumption has come about through higher prices, which generate inflation, which in turn makes our exportable goods less competitive abroad.

The maxi-devaluation was a big step in the direction of reducing this effect. However, the inflation that has occurred during the past 4 months, as a result of the severe increase in the cost of liquid fuels that took place last August and November, has already invalidated its effect. I contend, therefore, that the time has come for austerity. Brazil must admit that it is a poor country and must wear patched trousers. A recession, obviously, will cause social unrest, but if this is not done, we will experience even more unrest, due to exacerbation of wage demands.

Hence, this is a time for austerity and the example must be set by the government, which, with its high administrative costs--as if we were a rich country--at all levels, formed the habit of excessive expenditures, to the point of Planning Minister Delfim taking over control of the budget for public-sector enterprises in order to prevent their constant deficits, which have been sustained by the national treasury through issuing paper currency, another great inflationary factor.

Campiglia: Equilibrium in the trade balance for 1980 is considered feasible, according to available indicators and the practices put into effect by the government, despite the situation of the international economy. Its success is sustained by the contribution of agricultural products and by the volume of exports made feasible by the expected harvests.

Conde: I believe that, judging by what we can observe of the agricultural harvest--with results surpassing all expectations--by the price increases for the raw materials we export and by the excellent performance of manufactures, we will be able to export \$20 billion and achieve equilibrium in the trade balance. Just recently the president of the Brazilian Exporters Association, Laerte Setubal, presented some information indicating that Brazil will be able to export \$21.3 billion this year.

Moreira: According to existing information, January's exports would have been compatible with the goal of \$20 billion. But the same data show that imports increased even more, indicating that a rigorous policy of import restraint will have to be pursued if equilibrium is to be achieved, with repercussions on the growth of the economy. In summary, we would say that equilibrium in the trade balance is difficult, but not impossible.

Firace: Yes, I believe we will come very close to equilibrium, even though we may have to end 1980 with a deficit in our trade balance. There is a close relationship between international trade and domestic stability. The climate of recession, especially in the Center-South region of the country, leads to consumers' reducing their demand for goods and industry reducing its demand for raw materials. This decline, in demand and in production, will probably affect imports (referred to by CACEX [Foreign Trade Department] as "Operation Turtle") as well as domestic production, causing an impact upon other regions that make a living from furnishing raw materials to such production centers. Our petroleum dependency must not be an obstacle to our economic growth.

Ticoulat: I believe there is an enormous effort being made to balance the foreign-trade account in 1980. Whether that goal will be reached, only an oracle can say. Just yesterday there was a report that a petroleum price increase by Iran and Kuwait, without prior warning, was causing other suppliers to go along with them. This could increase our planned expenditures by \$2 billion. There is an intense struggle to reach equilibrium in the trade balance, which is only the first step toward equilibrium in the balance of payments. But the result will only be known when Brazil closes its books on 1980.

Fonseca: From the standpoint of Brazilian economic relations with the rest of the world, the balance of payments situation appears much more threatening than that of the trade balance. Not because the trade balance should be in equilibrium in 1980, but because the balance between receipts of financial resources and payment commitments, if the current trend continues, will be much less than originally expected. Thus, the apparent alternatives are a substantial loss of reserves, which has, in fact, been occurring, or great difficulty in financing the imports needed to maintain the distorted rate and standard of growth that have been characteristic of the Brazilian economy for a long time.

Silveira: Despite the difficulties of the international market--due to the protectionist measures taken by developed countries and possible recession in some countries--I believe there will be a pronounced increase in Brazil's exports of manufactures, as has been occurring in recent years and will certainly occur in 1980. Several agricultural products, in turn, have already shown evidence that they will register significant increases in export volume and price.

We will have a reduction in imports of agricultural products as the result of good crops and it is necessary to retain all measures that result in reduced imports of products manufactured in Brazil. Participation by the agricultural sector is essential to obtain equilibrium. And it is thus necessary to take two things into consideration: storage capacity and transportation, especially railroads.

Francini: I believe there will be relative equilibrium in our trade balance; that is, that the deficit or surplus for the year will be less than

10 percent. It will be a good performance if we are able to increase our exports at the rate of price increases for imported petroleum, since we do not belong to any OPEC. Intervention to encourage exports and discourage imports will still be necessary.

Montoro: Although, on the one hand, external inflation and higher petroleum prices increase the cost of our imports, these same high prices increase the value of our exports. This phenomenon, however, is not sufficient to solve our balance of payments problems, so that it becomes necessary to expand our exports even more. In reference to the current year, I contend that our exports, due to high international prices, may reach and even surpass the government predictions of \$20 billion. The problem will be keeping imports to the level of exports.

Thus, the problem of our foreign relations continues to be serious. And, in my opinion, the problem is not the debt in itself, but what it represents in terms of interest payments and hence reduced resources to pay for imports. Recalling also the high cost of petroleum, prospects are not the least bit favorable.

To improve the situation, two lines of action must be pursued. One is to increase exports. The second is to reduce imports. In the latter, reducing our energy dependency upon imported petroleum is paramount. Beyond producing energy from alternative sources, it is also possible to lower the level of energy expenditure in Brazil.

This latter route has not received due emphasis from the public sector, which has been concerned more in replacing gasoline with alcohol in automobile tanks than in, for example, reformulating the transportation system in Brazil. I believe great economies could be achieved with more efficient mass transit in urban centers, with improved rail transportation, and so forth. The same can be said of the industrial sector, reorganizing it in keeping with the new situation of scarce and expensive petroleum. Unfortunately, little has been done in this direction.

Opinions Vary About Foreign Debt

[O ESTADO DE SAO PAULO] In line with the previous questions, how do you view the evolution of the nation's foreign debt? Do you think renegotiation is necessary?

Chap Chap: The foreign debt has been growing uncontrollably, and our whole policy of growth and excessive expenditures on the part of state enterprises in the recent past led our nation to the high level of indebtedness. Technocracy has brought with it distortion of the social functions of public enterprises. This has compelled the nation to go further and further into debt. And debt means inflation. Not the slightest doubt remains that the government is one of the greatest agents of inflation, as Delfim Netto has well said.

I consider renegotiation inevitable. And it should be viewed as normal; otherwise, Brazil, comparing its situation with that of a private company, would already have declared bankruptcy. It has been constant and necessary. It would only cease to occur if our creditors were to protest the debt, which is impossible.

Campiglia: The eventual deficiency in receipts compared to payments may indicate the need to reformulate the foreign-debt profile, although it is hoped this undesirable extreme will not be reached. Diagnoses on this subject must consider factors uncontrollable by Brazil, such as substantial increases in prices of petroleum and other imports, as well as the behavior of foreign interest rates.

Conde: I think it is absurd to speak of renegotiating the debt. We are a long way from that. In the world context, Brazil is still considered to be a good risk and continues to enjoy the international financial community's confidence.

Moreira: There is a possibility of renegotiating the foreign debt, in that the international situation is very unstable and the Brazilian balance of payments crisis is still unresolved. The factor that worries us would be the probable imposition of negotiating conditions, with consequences not necessarily favorable to the nation's interests. But there are still some measures to adopt before an eventual renegotiation would occur.

Firace: The nation's foreign debt should not be viewed in the aggregate, but separately: that part of our debt invested in production is our best investment. Renegotiation is an irreversible factor, clearly involving the credibility of our intentions. Our potential is our best guarantee, and proper administration of the debt will be the principal factor in our economic and social growth. (A negative factor is our purchase for 12 consecutive years of wheat from the United States through PL 480, for payment in 40, 30 and 20 years, and our investing nothing in domestic wheat. We are eating bread our grandchildren will have to pay for.)

Ticoulat: He who owes money and cannot pay must renegotiate his debt. We must buy 900,000 barrels of oil a day. For this, we need foreign credit. Renegotiation has been necessary: the government has been doing this through successive loans working toward a lengthening of our foreign-debt profile, in order to regain equilibrium in our balance of payments.

Fonseca: There may be no solution for the nation's foreign debt other than to reduce it somewhat, in view of the difficulties of getting new loans at the desired rate.

Silveira: The foreign debt is a function of the trade balance. Adoption of government measures clearly have impact on development of the foreign debt. The amount of the debt will depend upon the result of measures taken for reducing petroleum imports. It is necessary, meanwhile, to concentrate available resources on established programs and not an exaggerated number of them.

Kok: I consider the most unfavorable factor to be the increased interest rates abroad, which have considerably aggravated the balance of payments problem. I see no alternative other than renegotiation of our debts, in order to avoid an extremely dangerous situation for the nation: a reduction in our reserves.

Francini: Broad and general renegotiation, beyond seriously damaging the nation's image as a payer of contracted obligations, does not guarantee that it would be able to significantly alter the current profile and distribution of our debt.

Role of Foreign Capital

[O ESTADO DE SAO PAULO] In view of the problems the nation faces, what should be the role of foreign capital in the economy? Do you think it necessary to change the legislation governing it? In what respect?

Chap Chap: Foreign capital is necessary and should have its place in the economy. It should, of course, be well controlled. It should be welcomed whenever it benefits us by filling gaps in needed areas, such as working capital, and not as a loan; to seek profit, not interest. And never in an area such as, for example, civil construction, now highly developed and with a technology that is the envy of any developed country.

Campiglia: Foreign capital, complying with the statute that seeks the highest national interest, is a desirable financial and technological contribution as a factor in supplementing domestic savings and accelerating the development process of our economy.

Conde: Foreign capital is welcome as long as it is well-controlled: it is the great propellant of more rapid development and, furthermore, it is generally accompanied by technology and know-how. I believe the control mechanisms existing today are adequate, although it is always possible for distortions to occur.

Moreira: Foreign resources are indispensable, although they must enter predominantly in the form of investment, to avoid aggravating the foreign debt. The program for replacing debt with direct investment by multinational companies should be implemented more vigorously and urgently.

Firace: Brazil does not have a predetermined time schedule for becoming a developed country. We must not rush events, as we favor the idea that "the PNB [Gross National Product] should not be measured in percentages but by the well-being of its people." Consequently, new foreign investments in Brazil should be previously approved, following the criterion of filling in empty spaces, where all capital would have the necessary safety and loans would be authorized only if incorporated into capital. For already-existing foreign capital, a policy would be developed to stimulate incorporation of loans into the company's capital, through a preferential rate of return.

Ticoulat: Opportunity should be available for foreign capital to be invested in sectors of the economy needing resources or technology. As a rule, it should never be permitted in economic sectors where domestic enterprise already has sufficient economic and technological resources.

Silveira: Foreign capital must be supplementary and used strictly to meet the nation's real needs in well-defined areas. I do not believe a change in legislation is necessary.

Kok: The role of foreign capital is to fit into the nation's economic framework and to participate in development without creating monopolistic conditions. The most important point is where the decision-making responsibility of the foreign companies is located. If the company's decision-making center is located within Brazil, it will be much easier to harmonize foreign interests with those of Brazilian businessmen. Foreign capital is always welcome whenever it comes to fill a gap in the domestic economy. It should be discouraged when it intends to compete with domestic enterprise.

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CSO: 3001

COMPLETE PETROBRAS CONTROL OVER RISK CONTRACTS AFFIRMED

Official Note

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Apr 80 p 37

["Full text" of "official note" distributed by Mass Media Minister Said Farhat, including attached statement by Mines and Energy Ministry, in Brasilia on 16 April 1980]

[Text] Brasilia--Mass Media Minister Said Farhat distributed an official note yesterday guaranteeing that the risk contracts "are not violating the state monopoly exercised by PETROBRAS [Brazilian Petroleum Corporation]," as the company retains complete control over all activities covered by the contract, from exploration through production. The Mines and Energy Ministry, in a note released concurrently, reiterates that other countries are adopting similar contracts without their sovereignty being infringed.

The full text of the statements follows:

Full Text of Announcements

Due to rising prices of imported petroleum, the federal government instructed PETROBRAS to intensify its search for oil in Brazil. This has been carried out in two ways: by concentrating PETROBRAS' own funds in exploration it conducts itself and by expanding the areas covered by service contracts with a risk clause.

About 64 percent of PETROBRAS budgeted investment in 1980 is for exploration and production of oil. Furthermore, PETROBRAS is now in the midst of negotiating new prospecting areas within the risk-contract system.

Fifty such contracts have already been approved by PETROBRAS with domestic and foreign entities. This figure will be increased significantly in coming months.

The government announces, moreover, that such negotiations and contracts are being carried out in strict compliance with pertinent constitutional and legal provisions, particularly in reference to the following points:

(I) PETROBRAS retains complete control over all activities covered by the contracts, from exploration to production.

(II) PETROBRAS, moreover, is the exclusive owner of all the oil and gas that may eventually be found; of all goods used in a permanent manner and in the area of the contract; and of all studies made and technical data collected by the contractors.

(III) Should petroleum be found, the field will be developed by the contractors, with their own funds.

(IV) After the development phase, PETROBRAS takes over all production operations.

(V) Payment, when contractor is entitled, will be made in currency.

(VI) The contractor may be permitted to buy part of the oil produced at the international market price, provided that Brazil is not in a supply crisis, as declared by unilateral act of the Brazilian Government.

Under such conditions, the government does not believe the state monopoly exercised by the government through PETROBRAS has been violated.

In reference to the above, the Mines and Energy Ministry sent the attached statement to Planalto Palace.

Several Countries Adopt Risk Contracts [Statement by Mines and Energy Ministry]

We are in a position to report the following in reference to risk contracts:

The monopoly has not been infringed. The government has already explained this matter to the public in the necessary detail. No company is going about drilling wells left and right on Brazilian territory. PETROBRAS alone, directly or through others chosen by it through the risk-contract mechanism, is drilling wells.

Brazil is not the only country resorting to risk contracts. Many countries are doing it because in no way does it affect their sovereignty. This contractual procedure has now been adopted by a majority of countries: Algeria, Libya, Angola, Iraq, Colombia, Guatemala, Egypt, Argentina, Madagascar, Philippines, Indonesia, Ecuador, Chile, Paraguay, Gabon, Nigeria, Yugoslavia, Spain, Vietnam and perhaps even China.

The major reasons leading countries to adopt risk contracts are:

--Mobilization of supplementary high-level technical and financial capacity, with the advantage of only having to pay the expenses of the wells that become productive. The host nation does not pay for expenses incurred without success. As the percentage of exploratory success is about 10 percent, there is a substantial reduction in the nation's expenditures for exploration. It is guaranteed, furthermore, that, in case of a commercial discovery, all investments necessary for drilling the additional wells and for production facilities will be at the contractor's expense, to be reimbursed later in quarterly installments based upon net revenues generated by the field itself. Furthermore, the supplemental technical competence joined to that of PETROBRAS will shorten the time needed to determine the nation's petroleum potential.

--Involve domestic enterprise in the exploratory process (service contracts for drilling, support, etc).

--Utilize domestic equipment, materials and manpower.

--Mobilize more financial resources without burdening the nation's balance of payments.

--Mobilize more professional personnel in prospecting.

--Introduce new ideas and philosophies about exploration.

--Increase exploratory drilling without additional technical or financial cost to PETROBRAS.

--Accelerate development of fields eventually discovered.

--Concentrate all PETROBRAS technical and financial competence in the areas chosen by it.

Legislation

Everything is being done strictly within prevailing legislation, in that PETROBRAS retains complete control of all operations, from exploration to production, and PETROBRAS is the exclusive owner of the information gathered, the studies made, the fixed assets and the oil or gas eventually discovered in the contract area.

PETROBRAS Superintendent Answers Criticism

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Apr 80 p 33

[Text] Rio de Janeiro--Lauro Vieira, PETROBRAS superintendent for risk contracts, denied yesterday that multinational companies have been exerting pressure to obtain greater concessions in risk contracts. He acknowledged that foreign companies always make suggestions for the purpose of obtaining

advantages, such as the request for opening tracts in basins where PETROBRAS has already discovered petroleum.

According to Vieira, the companies would like to get small tracts in such basins--Campos, Bahia, Sergipe and Rio Grande do Norte--in areas where PETROBRAS believes there is no oil. But that suggestion was rejected by the state enterprise, although the companies contend that, using different methods than those adopted by PETROBRAS, they may discover oil.

Lauro Vieira also mentioned the risk companies' suggestion about not submitting systematic reports on the drilling they carry out; doing away with surveillance by PETROBRAS; obtaining data about all basins; revising tax legislation; and noncompliance with the law requiring use of Brazilian equipment if available. He considers it reasonable that any company would seek greater concessions in the structure of contracts.

The superintendent said the subject of surveillance is often brought up in negotiations for signing contracts. As is known, some companies think that auditing, instead of being quarterly, should occur only if any petroleum field is discovered, or even after the drilling of each well. But PETROBRAS considers elimination of surveillance impossible, because it would have to modify the whole contract structure.

Lauro Vieira also agreed that another subject thoroughly discussed during contract negotiations is reform of tax legislation. Although there are clauses establishing rules for cases of alterations in legislation, for the time being the government does not intend to change it, he said.

In regard to the desire of multinational companies to get data about the nation's sedimentary basins, Vieira thinks that is a normal thing to do, since this is what BRASPETRO [PETROBRAS International, Inc.] does abroad. PETROBRAS, however, is not furnishing information about areas outside those of risk contracts.

Vieira, furthermore, regarded as nonsense the idea that the companies had complained about submitting systematic reports and said he doubted that any company had actually made such a proposal. Nor, he said, did any company request exemption from the law requiring use of Brazilian equipment, as they only make purchases abroad when a manufacturer says he is unable to furnish equipment within the required time period.

In reply to the criticism of Senator Teotônio Vilela about violation of the state petroleum monopoly, Vieira said that "anyone who studies the risk contracts thoroughly will verify their effectiveness in the exploratory process and will see they are good for Brazil."

He then explained that the adaptations mentioned in the telex from the mines and energy minister to PETROBRAS are being implemented without making any changes in the original contractual model approved by the PETROBRAS Council of Administration and which thoroughly preserves the state monopoly.

In regard to asking for bids on a larger number of tracts and furnishing regional data, he asserted it is merely an amplification of criteria already adopted in the bidding procedure and involves no impairment of the contractual instrument.

PETROBRAS Financial Weakness Cited

Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Apr 80 p 29

[Text] Brasília--The Brazilian Government's decision to open the entire continental shelf to prospecting under the risk-contract system must have been motivated by pressure from international bankers worried about the alarming growth of Brazil's foreign debt, which now exceeds \$50 billion.

That is the opinion of a Mines and Energy Ministry source, according to whom not only will the continental shelf be opened but also any onshore area the foreign companies would like to explore. The source recalled that Mines and Energy Minister Cesar Cals himself had announced less than 1 month ago that PETROBRAS would have two more international auctions this year, one for the whole continental shelf from Amapa to Salvador and the other onshore. A third auction will be held next year, this time for the continental shelf from Salvador to Chui.

The Mines and Energy Ministry specialist feels this was the only solution for the PETROBRAS lack of funds. This year alone it must invest the equivalent of 90.6 billion cruzeiros in producing and developing petroleum, representing 64 percent of its budget for the current fiscal period. Altogether, it will drill 403 wells in onshore and offshore sedimentary basins, which is 25 percent more than the number of wells drilled in 1979.

Advantages

In addition to making up for the PETROBRAS lack of funds for a more ambitious prospecting and production program (as investment will be made by the contracting companies, who will be reimbursed only if a well is successful), the government expert mentions another advantage in seeking bids on the entire Brazilian continental shelf: such a strategy will greatly reduce the paper work of negotiating for tracts and will greatly accelerate contract signing, since the companies will come to PETROBRAS with their minds already made up about where they want to drill. The same source believes this measure will be a strong incentive for foreign companies.

Looks Citus 'Technological' Risks'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Apr 80 p 37

[Text] Santos--PETROBRAS President Shigeaki Oeki, in Curitiba yesterday to take part in the 15th anniversary festivities for the Presidente Bernardes Refinery, denied that the government intends to end the state petroleum monopoly, as charged by Senator Teotônio Vilela and other Congressmen, PTB

[Brazilian Labor Party] leader in the Chamber of Deputies. Referring only to Vilela, Ueki said that if the senator examines the risk contracts signed by PETROBRAS he will find that they do not violate Law No 2004, which established that monopoly.

"There will not be concessionary clauses. The risk contracts are dynamic and flexible by nature but they will not tolerate significant changes that distort Law No 2004. In the case of petroleum production, for example, there will be committees made up of PETROBRAS and the contracting company. But PETROBRAS will never lose control of production and choice of areas."

Ueki did not specify what other changes had been proposed for the risk contracts, saying only that they are of a strictly commercial nature to be determined on a case-by-case basis "without disregarding Law No 2004. We will sign contracts for areas where there are technological risks in finding petroleum. In Campos, where PETROBRAS has already conducted exploration, there is no reason to sign contracts with other companies. Areas we may deem risky--and sign contracts for--are, for example, the deepest, situated more than 300 meters below the water's surface. There is no case in the world of petroleum having been discovered beyond 300 meters."

Risks and PAULIPETRO

Ueki admitted, however, that risk contracts could be signed in promising areas such as Amapa, Amazonas and Para. "It is a long continental shelf, and it has room for other companies to work. When petroleum cost \$1.20 a barrel, PETROBRAS could remain alone to explore in that region. But today, with the petroleum bill representing over 50 percent of the balance of payments, this no longer makes any sense."

The PETROBRAS president thinks "we should seek foreign capital in cases where the risks of petroleum exploration are the greatest. Contrary to what Senator Teotonio Vilela thinks, the contracts will not weaken PETROBRAS, but will strengthen Brazil in the prospecting sector."

Regarding PAULIPETRO, he denied that the area where it will try to discover petroleum in the swampy lowlands of Mato Grosso has been chosen.

"PAULIPETRO has decided upon 17 working areas and proposed to operate outside of Sao Paulo, which is being studied. We are going to see whether Sao Paulo has enough money for this." In regard to statements by Gen Antonio Carlos de Andrade Sampaio, former head of the Army General Personnel Department, that PETROBRAS should begin making "sunk cost" investments in PROALCOOL [National Alcohol Program], Shigeaki Ueki asserted that only Mines and Energy Minister Cesar Cals could speak about that matter.

Ueki also mentioned the increase in petroleum consumption occurring in the first quarter of this year, which was 6.4 percent compared to the same period last year, exceeding the forecast increase of 4 to 5 percent for this year over 1979, on the basis of 1.15 million barrels daily. He does not have a forecast for the coming months, however.

Editorial: Supports Risk Contracts

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Apr 80 p 34

[Editorial: "Risk Contracts Do Not Threaten Brazil"]

[Text] Senator Teotonio Vilela has appealed to the armed forces to prevent implementation of measures that, by liberalizing risk contracts, represent the end of the state petroleum monopoly. The Alagoas senator, who read the telex sent by Mines and Energy Minister Cesar Cals to the president of PETROBRAS, believes the state enterprise will no longer be able to perform its role of exercising the monopoly granted it by the constitution.

But what ground for concern has the senator, who sees the suggestions as but the beginning of a plot against Brazilian petroleum? What does the minister's telex suggest? In essence, Mr Cesar Cals transmitted instructions from the president of the republic himself for the purpose of increasing cooperation by the state enterprise with private domestic and foreign companies in their efforts to find petroleum.

Having in mind the scant interest in the risk contracts shown thus far, the minister is instructing PETROBRAS to decide what areas it intends to explore and open up the rest to competitive bidding by private companies with their own resources and with a risk clause. Such companies, contrary to the current situation, may have access to entire basins for making seismic surveys in order to make a better decision about what areas to choose. The contracting company will conduct its work under PETROBRAS supervision and will be reimbursed in petroleum or in foreign currency.

In view of these terms, we ask where the national interest or the monopoly is being hurt, since the clause that assures ownership of discovered petroleum to PETROBRAS--and to the nation--will remain in force. In none of these stipulations is there an idea to grant extensive areas for broad concession and random exploration, but, rather, the intention to expand the previously narrow limits of bidding. Neither in the basic terms of the risk contracts nor in the instructions contained in the telex is there any threat to national sovereignty or to PETROBRAS. What is intended is merely attraction of domestic and foreign capital and new technology to enhance the possibilities of finding petroleum in Brazil. That, in essence, was the basic argument of President Geisel when he announced the risk contracts in October 1975. He said at that time that Brazil's sedimentary areas--the largest in the world--were too large and the nation's resources too limited to explore them and also develop the new discoveries in the Campos bas.

In nearly all nations of the world having petroleum, contracts of this sort are being used, so vast is the investment needed, especially on the continental shelf.

The Alagoas senator, therefore, has no grounds for asserting that the monopoly is being violated, that PETROBRAS is doomed. And it is not necessary to call upon the armed forces to defend it.

The best defense for PETROBRAS--and for the monopoly--is to release it from the specter of 27 frustrating years, during which we were not even able to determine the nation's petroleum potential. Even today we still do not know what our actual reserves are! And between an offshore discovery and production, a period of no less than 6 years must pass! How long, therefore, must we continue to wait, paying \$10 billion a year to import the petroleum that we may have under our own ground and that we could already be developing?

As long as Brazil does not lose ownership of the petroleum discovered, as happened with the concessionary contracts, there will be no loss of sovereignty. After all, we have just experienced this fact first-hand in our negotiations with Iraq, where it has been proven that, more than ever, risk contracts are not a threat to the nation but to the contracting company....

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CSO: 3001

BRAZIL

PETROLEUM, DERIVATIVES COSTS, CONSUMPTION ESTIMATED

Petroleum Imports Exceed Projections

Rio de Janeiro O GLOBO in Portuguese 24 Apr 80 p 24

[Text] PETROBRAS [Brazilian Petroleum Corporation] figures released unofficially yesterday show that petroleum imports during the first 3 months of this year have already reached \$2.5 billion, with an average monthly expenditure of about \$850 million.

This means that our petroleum bill will be \$10.2 billion by the end of the year, exceeding earlier predictions of \$9.5 billion. The current estimate does not take into consideration possible price increases during coming months.

Agreement

PETROBRAS has just signed a new contract to receive petroleum from Kuwait. Instead of 20,000 barrels a day, Kuwait will furnish 80,000. Part of this total (it was not revealed how much) will be bought at \$27.50 a barrel, while the rest will have a \$5.50 price increase.

The contract renegotiation was prompted by Kuwait's intention to increase petroleum prices from \$27.50 to \$30, covering the whole 20,000 barrels a day. By increasing the supply to 80,000 barrels a day and dividing it into two parts with different prices, the parties concerned reached a common denominator. The new mechanism for importing Kuwaiti oil was worked out by Carlos Sant'Anna, PETROBRAS marketing director.

Iran's demand for an increase of \$2.50 per barrel will be discussed by a company mission that is leaving for Tehran this week. PETROBRAS, together with other purchasing companies, including Japanese, did not agree to the new price.

This position has the purpose of protecting the market from a series of increases. Iran's oil is the most expensive of Persian Gulf countries and if its new price were to be accepted without discussion the other producers

in the region, with prices below \$30, would try to raise their quotations due to pressure from the market itself.

According to PETROBRAS specialists, Brazil's position toward Iran is essentially tactical. Brazilian petroleum stocks are "quite comfortable" and, in fact, PETROBRAS could even suspend purchase of the 60,000 barrels a day of Iranian petroleum. But the experts feel that Iran should be preserved as a source, taking future events into consideration.

In December of last year a PETROBRAS delegation did not find receptivity in Tehran and returned to Brazil without having closed a deal. Less than 1 month later the same delegation, at the invitation of the Iranians themselves, managed to close a contract on favorable terms.

Correction of Price Distortions

Rio de Janeiro O GLOBO in Portuguese 24 Apr 80 p 24

[Text] By September or the end of this year petroleum derivatives should be selling at their true prices, costing 40 percent more. The government intends to thus correct the distortion existing since May, of last year, when a barrel of petroleum began to be sold domestically for less than the international market price.

That policy was suggested by PETROBRAS specialists to authorities responsible for pricing petroleum derivatives. Although the National Treasury can print money to make up the difference between the price of imported petroleum and the price at which it is sold domestically in the form of derivatives, this expedient cannot be maintained for long. To the extent that PETROBRAS begins to lose money the nation itself loses a trump abroad, they asserted.

At present, the price of an imported barrel is over \$30, while the amount of money collected within the country by selling its derivatives translates into only \$22 a barrel. For this reason PETROBRAS did not have enough money to pay the CN [National Bank] the amount of money corresponding to petroleum imports and other contributions to specific development funds. The price increase will strengthen the cash position of PETROBRAS and avoid liquidation of the company's capital. Technicians note that the PETROBRAS financial statement for 1979 already showed the effects of this. Profit was virtually equal to that of 1978: a little more than 21 billion cruzeiros. They argue that the big danger from unrealistic prices is possible future losses.

The price increases, following the government tendency, will be made in an aggregate manner, affecting all derivatives and not only gasoline, they said.

Changing Consumption Patterns

Rio de Janeiro O GLOBO in Portuguese 26 Apr 80 p 1a

[Text] PETROBRAS exports of petroleum derivatives should amount to \$550 million this year, according to the company's projections. With restrictions on consumption, there is surplus gasoline, lubricating oil and diesel fuel, which are being exported to Uruguay, Paraguay and several Central American countries.

PETROBRAS has been modifying its product mix to adjust supply of petroleum derivatives to the new consumption structure. Gasoline consumption, for example, has been unchanged for 2 years.

In 1978 the PETROBRAS production structure conformed to this pattern: light derivatives (gasoline), 33.1 percent; medium-weight derivatives, 27.38 percent; heavy derivatives (diesel fuel and fuel oil), 33.72 percent; LPG (cooking gas), 5.8 percent.

By 1985 the enterprise intends to change this structure to: light derivatives, 23.5 percent; medium-weight derivatives, 40 percent; heavy derivatives, 30 percent; LPG, 23.5 percent [as published].

Until 1985, however, the company will continue to export surplus gasoline and diesel fuel.

Consumption of Derivatives Rises

Sao Paulo FOLHA DE SAO PAULO in Portuguese 15 Apr 80 p 27

[Text] Rio de Janeiro--Domestic consumption of imported petroleum renewed its rise in March, hitting 908,000 barrels daily, after having reached 839,000 in February and 867,000 in January. The increased consumption of derivatives and the decrease in domestic petroleum production were chiefly responsible for this situation, not at all desirable, since it happens at a moment when some oil producers are changing their strategy. Some are reducing production, others increasing prices, in the midst of the crisis between Iran and Iraq, which together furnish 460,000 barrels daily to Brazil.

Statistics reported by PETROBRAS yesterday indicate that consumption of petroleum derivatives in March was 1,121,900 barrels daily, representing a 5.9 percent increase over the same month in 1979. As domestic production fell last month to 177,700 barrels daily (in February it was 186,700 barrels) and the volume of alcohol added to gasoline was also reduced slightly--from 39,800 barrels to 36,200 barrels--the nation had to consume more imported oil.

Widespread Increase

There was a greater consumption of all petroleum derivatives except fuel oil in March than in the same month 1 year ago. As a result, consumption increased 6 percent, from 32,815,500 barrels to 34,779,200 barrels. Among other derivatives, this total included 9,017,900 barrels of fuel oil, whose consumption fell 4.1 percent; 8,304,000 barrels of gasoline and 9,402,200 barrels of diesel fuel, which increased 1.3 percent and 9.5 percent, respectively, from March 1979 to March 1980.

Editorial Surveys Bleak Outlook

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Apr 80 p 38

[Editorial: "Pessimistic Prospects for the Energy Plan"]

[Text] Mines and Energy Minister Cesar Cals and other participants in the "Energy, 1980" seminar that is being held in Rio de Janeiro expressed a certain disenchantment with regard to results achieved thus far and prospects for reducing petroleum imports in this decade. The minister believes it is still possible to reach the goal of reducing the growth rate of consumption, forecast at 1,700,000 barrels a day in 1985, to 1,500,000 barrels a day, if a rationing program is carried out. Meanwhile, it will not be possible to count on the equivalent of 170,000 barrels a day of charcoal predicted for that year.

Moreover, the vice president of the National Association of the Coal Industry asserted that the goal for coal will not be reached either, if only because established plans are not being fulfilled and there is a great lack of motivation among producers. He recalled that this program had been deactivated on the eve of the petroleum crisis, and to this day remains on dead center.

The picture is even gloomier when the international situation is taken into account. Yesterday PETROBRAS as well as the mines and energy minister admitted that projections for expenditures on imported petroleum are being raised. Expenditures were estimated at \$10 billion, but were based upon a price of \$20 to \$22 a barrel. In the first 6 months, however, the minister said, these quotations have increased to \$34 a barrel, with no indication that they will decline or even stabilize from now on. On the contrary, increasing tension in the Middle East, with the hostility between Iran and the United States, and possible participation by Europe in sanctions against the second largest OPEC producer, will tend to aggravate the market even more. In view of such prospects, the worst must be expected.

More worrisome, however, is that there are no indications that consumption will decline very much this year, although the 1979 growth rate of 6.7 percent, excessive in terms of the domestic energy situation, is not expected to be maintained. At best we would remain close to this rate of growth, which would confirm the official estimate of a consumption of 1.7 million

barrels a day by 1985, as contained in the Brazilian Energy Model developed last year. As it will not be possible to count upon a significant production increase from the Campos basin until 1982 or 1983 (when it may reach between 300,000 and 400,000 barrels daily) and expecting that, based upon evidence now being provided at that seminar, substitute sources will not cover the incremental demand, Brazil must continue importing about 1 million barrels a day in coming years. At what price? No one can predict. Everything will depend upon development of the crisis in the Middle East and in Afghanistan, which, although less profound than that of 1973, will have more prolonged and more unforeseeable consequences.

In 1973 there was a confrontation between the oil companies and the producing nations, which took advantage of a regional conflict--the war between the Arabs and Israelis--to quadruple petroleum prices, which had been depressed. Today it is virtually a confrontation between the USSR and the West. Unlike 1973, when it kept out of the conflict, Iran is now playing a key and decisive role in the imbalance of power, no longer between producers and consumers of petroleum, but between the Soviet bloc and the rest of the noncommunist world. Furthermore, unlike 1973, not only is petroleum production at risk, but also its shipment.

All of these factors will affect prices. And confirmation that we will have to continue importing 1 million barrels of oil a day in coming years, at unforeseeable prices, puts us in an extremely awkward and difficult position, especially due to the international commitments we will have to make.

The solution, beyond trying to increase exports, is to stimulate to the maximum, by all means--/and at whatever political cost/ **[in boldface]**--the search for petroleum in Brazil, to at least reduce the risk of our dependency. There is no other road, at least in this decade.

CHILE

BRIEFS

SUBVERSIVE ATTACK ARRESTS--Unofficial sources have reported that two persons involved in a subversive attack against a police precinct have been arrested. It is believed that the police found the car used by the subversives minutes after the shooting and that the fingerprints they found in it led to the arrests. The police have not disclosed the identity of those arrested or where they are being held, however. [Text] [PY051327 Santiago Chile Domestic Service in Spanish 1100 GMT 5 May 80]

MIR ATTACKS OFFICIAL'S RESIDENCE--Santiago, Chile, 4 May (AFP)--It was reported here today that on Saturday in Temuco City terrorists threw a bomb in the garden of the house next to the residence of Col Attiliano Jara, in-
tendant of the ninth region of Araucania. The extremists threw the bomb from a car and then fled. A few days ago, a movement of the revolutionary left (MIR) command murdered a carabinero who was guarding the "flame of freedom" on Santa Lucia Hill in the center of Santiago, where Pedro de Valdivia founded this capital. Last night, in a communique delivered to the media the MIR, which is headed by Andres Pascal Allende, nephew of the late socialist president, claimed responsibility for the attack. In another communique, the MIR has announced that it has started FM transmissions from "Chilean Liberation Radio" [Radio Liberacion de Chile]. According to the outlawed MIR group, the first transmission, which lasted 12 minutes, took place in this capital on 28 April. The communique ends by stating that the MIR plans to extend these clandestine transmissions to the Chilean provinces. [Excerpts] [PY042227 Paris AFP in Spanish 1339 GMT - 4 May 80]

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PAPER SAYS REFUGEES SHOW FIDEL CASTRO'S WEAKNESS

San Jose LA REPUBLICA in Spanish 11 Apr 80 p 10

[Editorial: "The Peruvian Embassy Guards"]

[Text] Not many years ago, the few headquarters of the foreign missions accredited to the American countries which maintained some kind of uniformed policeman at their doors did so only to show their swanky position, giving themselves a small luxury at the expense of the host nations. But from the moment Cuba began to export its revolution and encourage international terrorism, becoming the obligatory destination of air pirates who hijacked planes to demand large cash ransoms and the freedom of other terrorists, the foreign embassies in the countries of this continent have had to be strongly guarded to avoid having agents of the proletarian dictatorship destroy the buildings with their bombs or enter them forcibly to take the diplomats captive in order to use them as a medium of exchange for money or for the freedom of guerrillas and terrorists.

Only one country is the exception in that picture of fear offered by the continent since it began to be harassed by guerrilla extremists, generally trained in Havana; that country is Cuba because if, in other nations, the embassy guards have as their mission the protection of those who dwell within, in Cuba the mission of the guards is to prevent the entry of Cubans who love freedom, to prevent their being taken in and given refuge and asylum. And so the island has become a gigantic prison, and the embassy guards are the custodians of the escape hatches through which the Cubans might reach other, free territories.

Dr Castro committed a serious error in judgment in removing the guards he kept around the Peruvian Embassy in Havana, which he did in the belief that in this way he would belittle the South American country, not realizing that his order would leave open an escape hatch through which, in utter chaos, thousands of desperate Cubans would throw themselves, move by the hope of breathing free air.

The result of the Castro government's carelessness was immediate, and it revealed to the world that the Peruvian Embassy guards in Havana, like the guards of all the other embassies of the democratic countries accredited there, are prison guards.

COSTA RICA

FAILURES OF LOCAL COMMUNIST PARTY NOTED

San Jose LA NACION in Spanish 15 Apr 80 p 14A

[Editorial: "The Failures of the Communist Party"]

[Text] The Costa Rican Communist Party, led at this time by that group of its members which is most sectarian and most subservient to the Soviet policy, has in these last few weeks suffered two resounding and spectacular defeats in its eagerness to establish its hegemony over the country's union movement and to create a subversive climate which might permit it to recover its image. The first was its mass program, the crowning defeat of which was the so-called "People's Assembly" at the University of Costa Rica Recreation Center. The second was the dissolution of the united front of confederations which was to organize a big parade for next 1 May.

In the first case, the comrades succeeded in putting in the streets only a meager handful of members of the unions they control. Their efforts to give the country a demonstration of their alleged power were patently frustrated by the poor showing, in which the traditional and timeworn figures of native communism were outstanding. The same thing happened in the second case, since on 1 May the democratic confederations of the country paraded separately with their own banners and slogans.

The communists believed that the events in Nicaragua which culminated with the fall of Somoza and the installation of a leftist revolutionary junta, and those in El Salvador, whose outcome is still uncertain, would raise their prestige among the unions and workers in general, and that the hour had come to take over leadership of the popular discontent with the high cost of living, and to divert the waters to their sectarian political mill. But since in this proposition they displayed too vigorously their proselytizing and political game and, in addition, did not hide their hegemonic ambitions--pressed, no doubt, to emulate the Central American leftists and to second their designs for a general Cubanization of the isthmus--the democratic union groups did not fall into the trap, and all the agreements reached in the diminutive people's assembly were run into the ground.

The communists have not been able to recover from their resounding political and union defeat in the last banana strike in Rio Frio and La Estrella. Still too fresh in the workers' memories are the decisive facts of that senseless strike and the loss of salaries for almost a month, which they endured because of the communist stubbornness in proceeding with the strike in spite of the fact that the minister of labor and government came out with an interpretation of the dispute which was favorable to their cause.

These three blows suffered by the Costa Rican communists so far this year, plus the perspective with which the entire free world views the Soviet invasion of Afghanistan--with which the Costa Rican communists have declared their brazen solidarity--will no doubt affect their luck in the next elections. The country's union movement has become diversified and pluralized. Other leaders with a greater national sense and with a new vision of unionism are publicly displacing them from the labor and political scene. In this sense their latest setbacks, from which it will be very difficult for them to recover, can be considered the logical result of their sectarianism and of their ideological and political servitude to the interests of the Soviet Union.

8735

CSO: 3010

'GRANMA' FRONT PAGE EDITORIAL ASSAILS U.S. MILITARY GAMES

Havana GRANMA in Spanish 11 Apr 80 p 1

[Editorial: "Threatening Yankee Military Maneuvers Around Cuba: They Coincide With Events at Embassies of Peru and Venezuela and With Secretive Meeting of Andean Pact."]

[Text] International news agencies report that American air, sea and land forces will carry out military maneuvers in the Caribbean for 3 weeks next month. They report that more than 20,000 men, 42 ships and some 350 planes will participate in the maneuver, which has been dubbed "Solid Shield-80." Although the report did not link the maneuvers with possible American concern about instability in the region, it was observed that the operation would be directed by a special emergency force created last year by President Carter and based in Key West, at the extreme southern tip of the Florida peninsula.

The maneuvers, which will begin on 8 May, will include the landing of 1,000 marines at Guantanamo Naval Base in Cuba, in addition to which a battalion of 1,200 American army soldiers will also be transported to that base. In addition, the same news agencies confirm that the large-scale maneuvers to be carried out by the American army next month in the Caribbean represent a warning to the Soviets and to the Cubans that the United States will not tolerate any adventurism in that strategic region, observers in Washington emphasized yesterday.

The agencies added that the crews of the huge B-52 bombers will have the mission of observing the maneuver area from the air and that they will also study the technique of laying underwater mines from the air.

An American radio station confirmed the official announcement that in May the United States will begin a large-scale general military maneuver in the Caribbean area as one more step to demonstrate Washington's power in the convulsed region. According to the same station, in addition to the United States, tanks and war planes of two as yet unidentified Latin American countries will also participate.

Last year the United States carried out provocative maneuvers in October at the Guantanamo Naval Base, and shortly before that, in May, it carried out "Solid Shield-79" on U.S. territory.

This time the maneuvers will be combined, coinciding in time and place in the Caribbean area, and especially at the Guantanamo Naval Base. In addition, the May military maneuver represents, in comparison with last year's, a substantial increase in the number of forces, such as planes, ships and troops, which will be present in the area of the Guantanamo Naval Base.

Another aspect to be considered is the evacuation this time of civilian personnel from the base, which was not done before.

These maneuvers coincide with the provocations against Cuba at the embassies of Peru and Venezuela and the secretive meeting of the Andean Pact, which was just held in Lima, where it is known for certain that a foreign secretary from Spain was present, although no one can explain what an illustrious representative of the "mother country" was doing there when for some time there have not been any Spanish, but only Yankee, viceroyalties in this hemisphere. It is unquestionably an attempt to intimidate the revolutionary movement in El Salvador with the idea of a military intervention. There, certainly, the Christian Democratic Party, which takes orders from Venezuela, cooperates with the Yankee genocide against the brother people of El Salvador. It is also a shameful provocation and a threat against Cuba. What right do the Yankees have to use the occupied territory of Guantanamo to carry out air and naval landings? These are practices through which one can see the possibility of a real attack on Cuba.

It is useless, however, to threaten Cuba. Throughout 21 years of blockade and of heroic struggle, imperialism must know that we have no fear of and no respect for it. Carter is nothing more than a ridiculous figure, and perhaps for this reason a dangerous novice in these adventures.

The Cuban people will be alert and firm in the face of these provocations and threats. There was a Giron in April; there can also be Girones in May and in any month of the year.

Nobody will lose any sleep. No one will lose his cool. We have nothing to lose but our chains, and we lost those quite a while ago, and along with them the last atom of fear of the hateful, repugnant and arrogant Yankee imperialism.

We do not belong to a race of cowards and servile men. That sad role we have left to the oligarchs and bourgeois of this hemisphere under whose feet the ground is beginning to tremble.

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CSO: 3010

FRANCE, VENEZUELA SAID TO CONNIVE WITH UNITED STATES IN CARIBBEAN

Havana GRANMA in Spanish 15 Apr 80 p 7

[Article by Luis M. Arce]

[Text] Only a few hours ago, GRANMA reported that AGENCE FRANCE PRESSE was sending biased dispatches out of Havana, distorting the reasons for events at the Peruvian Embassy in our capital. GRANMA further stated that the colonialist news agency was adding fuel to the fire of the anti-Cuban campaign launched by the government of the United States.

The objectives pursued by certain circles of the French Government in becoming actively involved in the American campaign against Cuba became clearer with the recent meeting held by President Valery Giscard d'Estaing and President Luis Herrera Campins.

According to AFP, "the grave political situation in the Caribbean and Central America, especially in Nicaragua and El Salvador and the refugee crisis at the Peruvian Embassy in Havana, dominated the first dialog held today by Venezuelan President Luis Herrera Campins and French President Valery Giscard d'Estaing."

The agency does not conceal the fact that both presidents gave priority to "the political rather than the oil issue, contrary to all expectations." Oil had been the main point which Campins had on his agenda.

AGENCE FRANCE PRESSE states that Herrera Campins favored "containing outbreaks of violence in the Salvadoran powder keg, thereby containing possible Castroite expansion in the area."

It is a well-known fact that the Christian Democrats in power in Venezuela cooperate with Yankee genocide aimed at the people of El Salvador, where the Christian Democratic military junta has in the past month murdered over 1,500 persons and where it is engaged in a ferocious manhunt from which neither women nor children nor old people nor venerable clerics such as Archbishop Oscar Arnulfo Romero are exempt.

The cable from the French news agency states that Campins' views "were echoed by Giscard, whose government fears a backlash of regional destabilization in its Antillean territories."

For both men, the "grave political situation" and the "destabilization in the region" do not consist of the massacre in El Salvador, backed by the American imperialists, or the threats of direct military intervention by the United States in any countries in the area, but rather, the struggle of those nations for their liberation, economic independence and autonomy vis-a-vis the mother countries surfeited with power.

France, whose most recalcitrant spokesmen play into the hands of American imperialism in the area, maintains a repressive colonial regime on the islands of Guadalupe and Martinique and in Guyana and is fiercely opposed to the autonomy demanded by these three nations.

A few days ago, Paul Dijoud, French secretary of state in charge of overseas departments, stated that those territories "would be French permanently" and backed his claim with the announcement of the arrival of new contingents of gendarmes on Martinique, warning that attempted strikes and autonomist movements would be put down by force.

This colonialist with the soul of a butcher stated only yesterday that the people of the Antilles "are increasingly concerned over the ever-closer links between Communist and proindependence parties on the islands and the Communist Party of Cuba," according to AFP. He had previously stated outright that France was ready to defend "its" possessions even with atomic weapons.

Whom is this colonialist lackey trying to frighten? Backed into a corner by the shameful socioeconomic conditions existing in those "French overseas territories," he once was forced to confess that they were "vast zones of economic backwardness"!

Martinique patriot Aime Cesaire has repeatedly warned that France is trying to intimidate the Martinique people by sending naval forces to the island, but says that the people will continue firm in their fight for autonomy.

In view of this "identification" of interests, it is not surprising that in the open dialog between Valery Giscard d'Estaing and Luis Herrera Campins, political problems transcended economic problems.

AFP said that "the views expressed by Campins found in Giscard a mindful listener since France sees Venezuela as a crossroads in the Amazonian, Andean and Caribbean spheres" and that "all the elements needed so that France and Venezuela might reach a much closer alliance than is customary in such contacts now exist."

However, history has repeatedly shown that the strongest alliance, whatever its nature, is incapable of checking nations when they decide to seek their liberation.

NATIONAL LAWYERS UNION SUPPORTS GOVERNMENT ON PERUVIAN EMBASSY EVENTS

Havana GRANMA in Spanish 15 Apr 80 p 3

[Statement by National Lawyers Union of Cuba]

[Text] We, Cuban lawyers, wish to add our voices to the unanimous opinion of the working people of our country in support of the positions of principle and decisions adopted by our Revolutionary Government on the shameful events that have taken place at the diplomatic headquarters of Peru in Havana in recent days.

We utter our resounding, vigorous "No!" to the attempts to ignore our sovereignty and our laws, to distort legality and the norms of international law governing the right to asylum and turn them into a macabre farce, to use that right to condone and promote illegal actions, to back the insecurity of accredited diplomatic missions in our country and distort the very essence of the diplomatic function, thereby furthering the new maneuvers of imperialism and its lackeys on the continent, against the first free territory in our America.

The first duty of a diplomatic mission and of all personnel attached to it is to respect the laws and regulations of the host nation, without prejudice to the privileges and immunities internationally recognized for that mission and personnel. The Vienna Convention on Diplomatic Rights (1961), which for Cuba as well as Peru constitutes the existing law on the matter, explicitly establishes this in paragraph 1 of Article 41. How is one to reconcile that duty with the sovereignty and legislation of the host country when Peruvian diplomatic personnel receive and house as honorable citizens those who entered the enclosure by force only a few minutes after causing the death of a person who was carrying out his duty of ensuring the safety of the premises of those very headquarters and the physical integrity of that very diplomatic personnel now offering protection and asylum to the attackers?

We Cuban jurists totally reject this absurd effort to antedate the right to asylum to its prehistory, when it was the means by which thieves and gamblers, prostitutes and murderers escaped from the action of justice by entering by force sacred places to which they did not have access.

The Revolutionary Government of our country is very aware of the duties which the aforementioned Convention imposes on signatory nations in paragraph 2 of Article 22, concerning the adoption of all suitable measures aimed at protecting the premises of the mission against any intrusion or harm and the prevention of any disturbance of the mission's tranquillity or any attack on its dignity. It was for the precise purpose of complying with this special obligation of the Cuban Government that Comrade Pedro Ortiz Cordero gave his life. An embassy guard, his final act was trying to prevent any entry onto the premises of the diplomatic mission through force by those now labeled as political victims but who committed obviously common crimes.

Cuba has respected and continues to respect the right of asylum. It has even given constitutional rank to the provision establishing it in our internal legislation (Article 13 of our constitution). But when the constitution speaks of asylum, when lawyers on our continent invoke it, or finally, when legal doctrine refers to this institution, the term "asylum" is given its only correct meaning, not the distorted or biased meaning of those who want to manipulate asylum on behalf of common delinquents and, in the final instance, for the purpose of playing into the hands of American imperialism, the common enemy of the peoples of America, which once again is trying in vain to damage the international prestige of the Cuban Revolution.

Asylum on our continent was conceived and legally shaped in order to protect persons who are harassed for their political ideas and their actions resulting therefrom. Any lawyer with the most basic knowledge knows that in all legal instruments relating to the matter, there is no protection of asylum for common criminals. The Peruvian authorities know perfectly well that those who broke into the embassy in Cuba were not involved in any political problems. They also know that they were not the object of any political persecution. Consequently, they are perfectly aware that they had no need for asylum, nor was it possible, from any legal point of view, to consider them as political refugees.

Nevertheless, they chose to label them as political victims and they are now shamelessly trying to cover them under the mantle of the immunity of jurisdiction which diplomatic asylum grants exclusively to the victims of political repression.

No legal scheme authorizes such a gross distortion of the true concept of asylum, which forbids extension of its benefits to the common delinquent. It is worthwhile to recall that the conceptual drafting of asylum in this sense was not the work of the Cuban Revolution in recent days, but rather, the result of a slow process of decantation whose theoretical formulation and expression in existing law took decades.

Those who interpret asylum so tortuously and deliberately and with such bad faith should pay heed to the consequences to which such an extreme

position might lead. Gross violation of the law cannot result in the emergence of rights. As proper as our Revolutionary Government's decision to withdraw a guard whose protection the very beneficiaries rendered impossible was the ensuing measure consisting of refusing to grant safeconduct passes to those individuals who used force to enter a foreign embassy in our country.

To allow them the impunity of going abroad would be to turn the Revolutionary Government into an accomplice of the improper practice of granting sanctuary to persons infringing upon the inviolability of diplomatic headquarters. Proceeding in this manner would only stimulate acts of violence against such headquarters and therefore mean a perpetual risk to the safety of all accredited diplomatic officials in Cuba.

If what the diplomatic representation of Peru in Havana is trying to achieve is to create an element of insecurity in order to endeavor to carry out unavowable political aims, then it is obvious that our government should take measures whose purpose, like that of the one indicated, is to prevent such dangerous impunity and prevent the encouragement of acts impeding the normal operations of remaining missions. Only by discouraging such criminal acts will Cuba be able to fulfill its obligations in keeping with the Vienna Convention. Those who use international forums to shriek hysterically and farcically against terrorism and the violation of diplomatic headquarters while being willing to welcome as heroes individuals who, by armed force or other violent means, gain entry into diplomatic premises have now been exposed before international public opinion.

Shortly following the withdrawal of the customary guard before the Peruvian Embassy in Cuba, due to the vandalism that occurred on 1 April, thousands of individuals -- most of them the dregs of a society that is advancing with a firm step toward a higher state of human development by building socialism, decided to join their fate with that of the common criminals that were already under the beneficent wing of the so-called diplomatic protection of Peru, camping on the grounds of the embassy.

This cannot be surprising. In any founding process, the slag always has to separate from the metal. Given the background action of the Peruvian diplomatic authorities in Cuba, it is possible that with another act of legal magic, they intend to convert these individuals into political victims or refugees. Once again they will be responsible for this mockery of international law.

If one has any shame left at all, can one even talk about "political persecution" in this case, when hundreds of persons, with the sole guarantee of public safety offered by Cuban revolutionary authorities, are calmly leaving the grounds of the Peruvian Embassy, going to their homes to sleep and returning to the protection of the embassy the next day? Can one even think of them as "refugees" when their decision to abandon the country where they were born, preferring the yoke to the star, is not even imposed

on them or promoted by the Revolutionary Government, but rather, is the product of their own free will?

Once again, our government has expressed its well-known policy of not opposing anyone's decision to go to Peru or any other country legally, with the proper authorization of the government in question and providing that the procedures established by Cuban law have been followed. All possible measures have been taken with regard to food and sanitary conditions for those individuals, in the face of the inability of the Peruvian representation in Cuba to provide any solution to the minimum requirements of such choice guests. Both from the legal and the humanitarian points of view, the actions of the Revolutionary Government of Cuba are an example of seriousness, firmness and consistency and at the same time, categorically belie the insidious campaign of anti-Cuban hysteria again being launched by imperialism.

We Cuban lawyers and our Union will be in the front lines of this new battle against our enemies within and without. Ours is the motto heard in every work and study center and in the streets of Cuba: "Let the lumpen, bums, criminals and dregs leave!"

To Comrade Fidel, once again we say: "At your service, Commander in Chief!"

National Lawyers Union of Cuba
Havana, Year of the Second Congress

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CSO: 3010

MASS AGITATION, PROPAGANDA: NECESSARY CDR TASKS

Havana CON LA GUARDIA EN ALTO in Spanish Jan 80 pp 8-9

[Article by Omelia Guerra Perez: "Agitation and Propaganda"]

[Text] It has been said that agitation and propaganda are effective ways to achieve a close relationship between the masses and the necessary objectives, tasks and activities at each stage of socialist construction. The Cuban experience has demonstrated that the CDR [Committees for the Defense of the Revolution] can fulfill this well through strong and organized political and ideological work.

That ideological work consists of theoretical administration and agitation and propaganda. Along with the adoption of appropriate solutions and organization, these constitute the dialectic path along which the ideas of the party become mass actions.

Concepts

Revolutionary propaganda is a means to publicize Marxist-Leninist theory and information on our political essence and common objectives. It helps to know the nature of the social phenomena and processes and introduce them in class struggle and socialist construction.

Agitation is the most dynamic element of ideological work, the first to bring the revolutionary policy, its contents and essential goals to the awareness of the masses. It shows the undissolvable ties between the political activity of the party and the state and the vital interests of the masses and the individual. It is a powerful weapon for informing and educating. Since its fundamental mission is to serve the revolution in all spheres of socioeconomic and spiritual life of the society, its functions are not limited to educating and informing; it also has important organizational action.

Therefore, agitation favorably influences labor, social and political activities. It strengthens revolutionary action in general.

Both propaganda and agitation are indispensable elements for the political leadership of our society, the education of the masses in the communist spirit and the formation of a socialist society.

Practice

The search for solutions suitable to the nature of the CDR for the development and improvement of agitation and propaganda work has engendered a mechanism, at the zone level, called the Agitation and Propaganda Committee. It should be a factor in the spread of the ideas and plans of the revolution concerning tasks at the national, provincial and local levels.

It is composed of the secretary in charge of ideological work, a clerk, the person in charge of the propaganda shop, the muralist and CDR members with knowledge of drawing, painting, design or other graphics. The committee has the duty to control and report on the suggested propaganda campaigns, organize talks, conferences and short meetings and draw up flyers, posters, small billboards and bulletins with its own resources.

In order to find practice and theory combined in this difficult CDR responsibility for agitation and propaganda, we went to Zone 11 of the town of Quantanamo. Salvador Salazar Fernandez, its coordinator, showed how agitation and propaganda, the topic of our article, are a result of concrete deeds.

"After we received the directive, we created the Zone Agitation and Propaganda Committee composed of seven comrades," Salazar reported. Then he continued: "But we did not stop there. At the same time, we were working for the appointment of five activists in this work in each CDR.

"Each one of those activists has concrete responsibilities and their collective mission is to publicize the tasks and activities planned by the organization. This work includes writing press reports on what the CDR has done.

"We give guidelines on what to divulge and how to do it in meetings between the committee and the local activists. Later, it is reported on in the CDR and appropriate initiatives are agreed upon to carry it out.

"Direct propaganda, the systematic treatment of murals and the use of the magazine CON LA GUARDIA EN ALTO as information and orientation material have helped strengthen our activity and fulfill the work quotas. The propaganda shop established in the zone can also be considered of great help. That is where we draw up posters, decorations to place outside houses during ideological campaigns and other propaganda.

"With an expanded team loaned to us on important dates--like, for example, 29 September--we interview important CDR members, exhort fulfillment of certain tasks, etc., from the plaza in the area.

"In summary, we can say that most of the members of the organization participate in this local task. Some carry out the activities, others draw up the work materials and others contribute the necessary raw materials."

We could verify everything revealed by the coordinator during our tour through the zone. Graphics are the best demonstration.

7717

CSO: 3010

CDR KEEPS TABS ON PEOPLE'S ADDRESSES

Havana CON LA GUARDIA EN ALTO in Spanish Jan 80 pp 10-11

[Article by Omelia Guerra Perez: "New Procedure in Address Registration"]

[Text] In the first months of 1980 there will be some changes in address registration which will mean changes in the work done by the CDR [Committees for the Defense of the Revolution]. In order to inform and orient the CDR masses, CON LA GUARDIA EN ALTO interviewed Col Luis Carlos Garcia Gutierrez, head of CIRP [Identity Card and Population Registry], who answered the following questions.

1. Why will there be changes in address registration and what are the objectives?
2. What are those changes?
3. What is the role that the CDR vigilance secretaries will assume at this stage with respect to address registration?
4. In your opinion, what has been the most important task done by the CDR for the CIRP system?
5. We feel it is necessary for you, as head of CIRP, to give some guidelines to the people about the identity card and address registration system.

The changes that will be put into practice in address registration in the first months of 1980 are due to the need to improve the procedures of this system based on experience obtained during its application.

The new procedure will guarantee greater control and efficient updating of the address registries. In addition, it will facilitate the registration and withdrawal of citizens. This improvement will simplify the work of the CDR.

The primary objectives are the gradual improvement of the system and greater speed in the steps done by the citizens for registration and withdrawal in the Address Registry.

The changes can be summarized as follows.

The Address Registry in the zones has been abolished, thus eliminating this step for the citizens. With this new procedure, registration is done directly in the CDR. The citizen delivers the CIRP-21 there to the person responsible for address registration. The latter should send it to the zone where it will be stamped and channeled to the CDR municipal office.

The Auxiliary Book of the CDR will be replaced by the Address Registry now done in the zone. It has been improved for use in the local organizations.

Registration steps have been simplified at the CIRP Municipal Units also. This means it takes less time to carry out these steps.

Also the steps for withdrawal have been changed, eliminating the CIRP-22 Model issued by the CIRP Municipal Unit through which the CDR received notification of withdrawal of the citizen. According to the new procedures, the withdrawal is done directly in the CDR when the person in charge of the Address Registry and the chairman of the CDR learn of a withdrawal from the Address Registry for any reason.

Concerning the role that the vigilance secretaries in the CDR should play, it is appropriate to say that this CDR secretary is responsible for care of the registry. His role at this stage is to learn and know the new procedures so that he can efficiently make up and keep the new Address Registry. He must watch for compliance with that established in the Identity Card and Address Registration system and answer to the chairman or other executive member of the CDR and to the zone for the general quality of this work.

Except when authorized by the chairman of the CDR or zone executive members, the vigilance secretary in each CDR will always be the person directly responsible for the Address Registry.

We can state that the CDR have participated in many tasks to establish the CIRP system in our country since before its creation; the first elements of our system were announced to the people through this organization.

Later, CDR participation was a decisive factor in the implantation of the system. They have carried out many complex tasks so that it would be very difficult to define the most important. The CDR members have helped make up the cards for the people residing in each town, obtain the birth certificates of each citizen, carry out requests for the Identity Card and the Minor Card, participate in the photographing plan, deliver the mentioned identity documents and do the constant work.

In summary, we can state that we are sure that, without CDR participation in this task, we would not be able to achieve the quality that we maintain in such a short time.

Now we feel the main effort of the CDR members concerning the Identity Card and Address Registration system should be aimed at watching that all citizens in their block are listed in the corresponding Address Registry, systematically telling the people about the need to carry the Identity Card and present it when the appropriate authorities require it and keep the identity documents delivered by the CIRP properly, preventing deterioration.

We are sure that fulfillment of these guidelines will guarantee the functioning of the system and will make it possible for state organizations and institutions and the people in general to make better use of the Identity Card and Address Registration system.

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CSO: 3010

GDR, CSSR MARK LIBERATION ANNIVERSARIES

GDR Reaffirms Support for Cuba

FL062324 Havana Domestic Service in Spanish 2300 GMT 6 May 80

[Text] GDR ambassador to Cuba Dr Harry Spindler has held a press conference at the GDR Embassy in Havana on the occasion of the commemoration on Thursday, 8 May, of the 35th anniversary of the victory over fascism.

Spindler said that thanks to the victory of the Soviet Union and its allies, the German people for the first time had the prospect for a democratic life which at the same time included the international responsibility for peace, particularly in Europe.

The GDR ambassador to Cuba reiterated that Cuba is not alone since in his country the people are condemning the U.S. policy against socialist Cuba. Dr Spindler then asserted that the GDR is firmly on the side of Cuba, resolutely demanding a climate of peace in the Caribbean and an end to the blockade, the Guantanamo naval base, the U.S. spy flights and the acts of aggression against Cuba.

GDR Ambassador Praises Soviet Policies

FL071909 Havana Domestic Service in Spanish 1700 GMT 7 May 80

[Interview with Harry Spindler, GDR Ambassador to Cuba, by REEDELDE newsman, on the occasion of the 35th anniversary of his country's liberation from the fascist yoke--date, place not given; questions, answers in Spanish--recorded]

[Text] [Question] Mr Ambassador, what significance do you attribute to the celebration of the 35th anniversary of the liberation from fascism in this current international situation which is marked by a return to the cold war by imperialist circles?

[Answer] The 35th anniversary of the liberation and victory of the Soviet army over German fascism, for us the population, the people of the GDR, is one of great importance. It was the Soviet army the one which liberated the

German people from fascism. We know that following World War II a great part of the world population favored a lasting peace in Europe and throughout the world, because, the world opposed these bloody wars.

We also know that there are elements in the world who cannot live without a war. We know that U.S. imperialism is preparing and making plans for liquidating socialism, plans against the socialist countries, against the progressive movements and countries. A policy directed at a cold war was artificially created. We know that the socialist countries, the Soviet Union today are stronger than ever before and will never allow that a single socialist, progressive country be attacked by imperialist forces.

[Question] Comrade Brezhnev announced last year that numerous Soviet troops and combat equipment would be withdrawn from the GDR, how is this being fulfilled and to what degree has this decision contributed to improve peace in Europe?

[Answer] We believe that the proposal of the secretary general of the CPSU, Comrade Brezhnev, is a very important point in the struggle for peace, such as detente, disarmament. I must say that the socialist countries, the Soviet Union are the ones which have begun disarmament with actions. The Soviet troops in the GDR have been there since 1945, safeguarding peace and security. They never had any other intentions but to defend socialism in socialist countries, but now the world finds itself in an arms race. The Soviet Union long ago proposed in international meetings and in conferences held in the Soviet Union that it was ready to demonstrate with actions how to do that. We believe that this is a very important step forward for lasting peace, for detente and for world disarmament.

The GDR happily bade farewell to its friends, because the Soviet soldiers in the GDR are not foreign soldiers, they are friends, close friends of the GDR. The GDR people know that in the case of need, our comrades, our friends of the Soviet Union, the Soviet army will not leave us by ourselves.

FAR Commemorates CSSR Liberation

FL061909 Havana Domestic Television Service in Spanish 1700 GMT 6 May 80

[Excerpt] The main event marking the 35th anniversary of the liberation of the Socialist Republic of Czechoslovakia was held at the Revolutionary Armed Forces' [FAR] universal hall at the FAR ministry building. The ceremony was chaired by Armando Hart Davalos' member of the PCC politburo and minister of culture, and PCC secretariat member Jorge Risquet Valdes. Also sitting at the presidium were members of the PCC Central Committee, leaders of political and mass organizations and other officials. The ceremony was sponsored by the Cuban Institute of Friendship with the Peoples and the Cuba-Czechoslovakia Friendship Association. The first speaker was CSSR ambassador to Cuba Milos Vojta. The closing remarks were made by Joel Domenech, vice president of the council of ministers.

Havana Reports Vilma Espin Activities in Vietnam

Solidarity Reaffirmed

FLO21618 Havana Domestic Service in Spanish 1532 GMT 2 May 80

[Excerpts] Vilma Espin, president of the Federation of Cuban Women (FMC), has reiterated the Cuban people's militant solidarity with the Vietnamese people, whose relations of brotherhood will never cease to exist. In an interview granted to PRENSA LATINA and radio's Voice of Vietnam program, the Cuban leader explained the experiences gained during her current stay in Uncle Ho's land.

The FMC president explained to PRENSA LATINA the courtesies accorded her by the leaders of the Union of Vietnamese Women, referring to Nguyen Thi Binh, first vice president of Vietnam's women's organization.

She referred to the joy all Cubans feel when they visit Vietnam and condemned the Chinese aggression against that country which she said, provoked our people's indignation. When Vietnam was preparing to begin its reconstruction and needed peace for that task, the Chinese aggression again brought pain and mourning to the Vietnamese homes, the FMC president stated.

Vilma said that the Kampuchean women are aware of the enormous task they will have to undertake, their responsibility in the country's economic recovery. She said that the Kampuchean women today represent 80 percent of the country's population as a result of the genocide perpetrated by the Pol Pot-Ieng Sary regime. The Cuban leader also referred to the slaughter of children by the overthrown regime and those who died due to illness, abandonment, under-nourishment, which notably reduced the population. Vilma praised the combativeness of the Kampuchean Government and people in rebuilding the country and its economy.

Visit Concluded

FLO70035 Havana Domestic Television Service in Spanish 0000 GMT 7 May 80

[Excerpt] Vilma Espin, president of the Federation of Cuban Women and member of the Party Central Committee, today left Hanoi at the end of a 1-week visit to the three Indochinese countries [Vietnam, Laos and Kampuchea].

We take with us, she said, the most beautiful demonstrations of militant solidarity of the peoples of Vietnam, Laos and Kampuchea with the Cuban people at this time when Cuba is threatened by U.S. imperialism.

FINANCE MINISTER ANNOUNCES NATIONAL BUDGET STUDY

Quito EL COMERCIO in Spanish 25 Apr 80 Sec A p 1

[Text] Guayaquil, 24 April--Finance Minister Rodrigo Paz announced that the government would make an evaluation of the budget in order to seek a means of achieving a balanced budget. He estimated the inflation to date at between 10 and 15 percent, and explained that no decision has yet been made on a possible increase in interest rates.

Paz arrived in Guayaquil this morning to attend a series of sessions of the Monetary Board, which will specifically announce several proposals on the part of the private banks, apparently including a request for a 15 percent rise in interest rates, instead of the 12 percent that is in effect at present.

The chairman of the Board, attorney Leon Roldos Aguilera, expressed opposition to the hike a few days ago, arguing that it would raise the cost of money and discourage the production forces.

This morning, the minister said that the international rise in the rates is a phenomenon that cannot be curbed from here; but he stressed that the monetary authorities are working hard on the study of the various possibilities and options.

He remarked that the economy is a variable process, but noted that no official decision has yet been made in this respect; indicating that it is a problem which must be studied.

He also described the downward trend that the rates have been experiencing on the North American market as favorable to the country.

Balanced Budget

In dealing with the topic of the budgetary deficit, the minister announced that an exhaustive study is under way to establish an exact amount, noting that the rates of deficit published previously may have changed, thanks to the increased prices that oil has commanded.

He emphasized that, on the basis of this, it is the government's intention to prepare a sound, balanced budget. He announced that, in about a week, it will be possible to provide an official report on the amount of the deficit and the measures that the government will adopt to finance it.

In analyzing the tax situation, the minister said that there is a need to extend the tax coverage to include new taxpayers, by means of control measures. He reported that programs are to be promoted for this purpose.

In response to a question, he admitted that the political crisis that the nation is experiencing has helped to deter economic development, and emphasized that policy decisions must be made for the precise purpose of spurring on the economy.

In conclusion, he estimated the present inflation rate at between 10 and 15 percent, but underscored the government's efforts to curb the upward trend.

2909

CSO: 3010

BELGIUM OFFERS 1 BILLION SUCRES FOR SOCIAL PROGRAMS

Quito EL COMERCIO in Spanish 25 Apr 80 Sec A p 9

[Excerpt] The Ecuadorean ambassador to Brussels, Jose Ayala, stated: "I think that the visit paid to Ecuador by Prince Albert and the Belgian minister of foreign commerce, Mr Robert Urbain, is associated with a new policy of cooperation between the two countries."

Ayala, a former foreign minister, is of the opinion that this new Belgian policy toward Ecuador is marked by pragmatism and effectiveness. He said: "We cannot continue with bilateral meetings which are confined to discussing philosophical matters and humanitarian concepts. We must do business, and good business for both sides."

He said that, in that spirit of negotiation, Belgium has offered a government-to-government loan, on terms of 25 years, with a 10-year grace period, at 2 percent interest, which, when one considers the amount of normal interest and the international financial situation, affords the conclusion that it is an extremely easy loan.

He added: "Moreover, Belgium has offered up to 1 billion sucres in financial cooperation (200 million per year), in a non-reimbursable transaction, for development plans of an essentially social nature." He remarked: "Ecuador has received this offer with great enthusiasm. It has already submitted some basic plans for the consideration of the Belgian Government, including several concrete projects; in the hope that what I am doing on behalf of the Ecuadorean Government and people in Belgium can continue to be productive, and that the ties between the two countries can become increasingly intensified."

2909

CSO: 3010

'AMISTAD' GAS FIELD RESERVES ESTIMATED AT 260 BILLION CUBIC FEET

Quito EL COMERCIO in Spanish 25 Apr 80 Sec A p 3

[Text] It has been learned from official sources that the "Amistad" field in the Gulf of Guayaquil contains proven gas reserves exceeding 260 billion cubic feet, while the probable reserves total 665 billion cubic feet.

The formation, which will produce 45 million cubic feet of gas per day, is located 56 kilometers from Machala and 10 from the island of Santa Clara.

In order to exploit this field, CEPE [Ecuadorean State Petroleum Corporation] has devised a strategy which cites as its top priority the development and exploitation of this deep formation. But, at the same time, it will engage in exploratory drilling activities to ascertain the possible existence of hydrocarbons in the other deep formations that have been explored through the use of seismic prospecting.

Santa Clara, Esperanza, Tenguel and Jambeli, in the same area, north of the Amistad field, are deep formations whose reserves, if proven, would make that field one of the largest gas-bearing deposits in Latin America, in addition to the potential presence of petroleum, it was claimed.

The state petroleum entity is finalizing details to expend its major efforts in that field, purchasing "off-shore" drilling equipment so as to immediately start the pertinent work in the Gulf of Guayaquil, and then to conclude contracts with the service companies, in accordance with international regulations.

Over 50 percent of the estimated production will be used to manufacture fertilizers. According to a statement made by the manager of CEPE during his latest press conference in Guayaquil, with five wells drilled in the Amistad field, 45 million cubic feet of gas will be produced, and 25 million will be used on the fertilizer project, to back agricultural development.

The remaining 20 million will be used to generate energy for large consumers, such as the thermoelectric generating plants which are currently powered by

diesel and kerosene, and the cement factories which also use light fuels. This would release a considerable volume of petroleum and byproducts of which there is a shortage in the country at present. Finally, the gas will be used as a reducing element in the steel industry.

In order to put that field into production, it is intended to develop the proven reserves first and, concurrently, test the other blocs which are separated by faults. They claim that, taking the initial production from the wells into account, and assuming a production factor of point 75, it will be possible to produce 48.3 million cubic feet of gas per day. However, on the basis of a realistic concept, the technicians prefer to schedule their plans on the basis of 45 million cubic feet.

The source reports that there are producing wells in that field which have established one area with proven production, another with probable production and a third with possible production.

History

The Gulf of Guayaquil, on whose energy potential great interest is beginning to be concentrated, was explored through a consortium, consisting of the Coast Petroleum Company, Inc, the Bolivar Mining Company, Inc, Golden Eagle of Ecuador, Inc, the Santa Elena Company, Inc, the Guayas Company, Inc, the Humboldt Company, Inc, Traserco, Inc, and the ADA Petroleum Exploration Company, Inc, in 1968, with the ADA Petroleum Exploration Company, Inc, acting as operator thereof.

The consortium worked under a concessionary contract granted to Neil Ignacio Lemon, Telemaco Cortes Bueno, Gustavo Mosquera, Rafael Torres, Ana Puente Vargas and Hugo Sosa Almeida, in February 1968, and according to a government decree; and they later transferred their rights to the consortium, something that was approved by a government decree in April 1968.

The activities carried out by the consortium in the concessionary area, which initially consisted of 1,413,190 hectares, include geophysical and geological exploration, and the drilling of nine wells, most of which were wildcat wells.

Nullification Declared

In November 1972, the Government of Ecuador declared the nullification of the contract for the concession of the six areas in the Gulf of Guayaquil to Neil Ignacio Lemon, Telemaco Cortes Bueno, Gustavo Mosquera, Rafael Torres, Ana Puente Vargas and Hugo Sosa; and also declared the transfer contracts to the Gulf of Guayaquil consortium nullified.

On 30 April 1975, after a competitive bidding called by the CEPE board of directors, the minister of natural resources and energy was authorized to sign, jointly with the manager of CEPE, a partnership contract with the

Northwest Pipeline Corporation for the exploration of hydrocarbons and the exploitation of free gas in bloc 11 of the Gulf of Guayaquil. The area involved in the contract is a bloc in the Gulf of Guayaquil covering an expanse of 200,000 hectares, divided into 10 sections each containing 20,000 hectares, according to the terms of Supreme Decree No 904, of 31 July 1973, published in Official Register No 362, of 3 August 1973.

The contract specified 5 years for the exploration period, and 20 years for the exploitation period, reckoned from the date of initiation.

July 1979 was considered the date of expiration of the partnership contract between the Northwest Company and CEPE, owing to the Northwest Company's failure to comply with certain clauses in the contract.

2909

CSO: 3010

FOREIGN AID INDISPENSABLE TO OIL PROSPECTING EFFORT

Quito EL COMERCIO in Spanish 11 Apr 80 p A-4

[Editorial: "Oil Exploration"]

[Text] Few tasks are as important to the future of the country as the identification of new hydrocarbon deposits and, hence, the achievement of greater proven reserves of petroleum. Exploratory work, which is the only possible means of reaching the goal that has been set, has resumed lately, with significant interest, after being nearly paralyzed for a long time. This was the result of an erratic policy which, under the pretext of nationalism, drove off investments and deprived the country of the necessary technology and definitely delayed the expansion of our oil reserves.

According to available figures, Ecuador's proven oil reserves at this moment amount to 1,050,000,000 barrels. Looking toward the future, this figure cannot be considered satisfactory. The structures that have been incorporated into production recently, even though gratifying, have not been of sufficient magnitude to create sustained optimism. Certainly, the really positive thing about the latest actions on petroleum matters has been the decision to promote substantial exploratory work.

Governmental plans regarding oil reserves speak of a 100-percent increase, which would imply raising the available reserves to 2.1 billion barrels. Obviously, the plan is ambitious, but more than that, it is indispensable in view of the ever closer threat that Ecuador may have to exchange its present status as a petroleum exporter for the very serious position of an importing country. This would bring with it an automatic and drastic reduction of national income, while multiplying expenditures overwhelmingly.

The Ecuadorean State Petroleum Corporation's efforts to meet part of the exploratory requirements are very laudable. In this sense, everything that is being done to strengthen the agency deserves to be supported. But there is no question that, domestically, we lack the enormous financial resources and the latest technology indispensable to the work of prospecting. All of this leads us to the certainly unmistakable conclusion that we cannot do without foreign participation.

Of course, this participation should be realized in terms of cooperation and equity, so that the heavy risks implied in an uncertain investment will be compensated with reasonable margins of profit, fair enough to attract foreign capital without hurting our national interests.

Likewise, it is necessary to establish mechanisms to transfer technology and human training to hasten the day when Ecuador can be self-sufficient in reaching the goals of petroleum exploration and production.

The thing that was most urgent, that is, the refocusing of petroleum policy within a realistic and not purely demagogic view, has become a reality in terms of the declaration. From what we can anticipate, it soon will also become a reality in fact. Thus, it seems that the bad experiences of the first years of "Ecuador as a petroleum-producing country" at least have left us with a beneficial lesson: that of the inadvisability of ranting and uncompromising attitudes that, in seeking to forget reality, do nothing but isolate the country and retard its development. The result of those stances was the paralyzation of exploration, which must be resumed today with renewed determination.

8631

CSO: 3010

NEW COPPER, SILVER, ZINC DEPOSITS TO BE DEVELOPED

uito EL COMERCIO in Spanish 10 Apr 80 p A-9

[Text] The Ministry of Natural Resources and Energy has announced that rich deposits of copper exist in the Chaucha region of the province of Azuay. Initial estimates put the content of the veins at 55 million tons, but this figure could triple, according to reports.

Investigations carried out so far, with the technical assistance of the government of Belgium, reveal the quality of the deposits, which offer excellent economic possibilities for development.

Drilling will begin soon to establish the magnitude of the deposit. The equipment necessary for this work will be transported by helicopter. At the same time, plans have been made to build a road from El Recreo to the mineral-bearing area, which will provide greater accessibility for transporting heavy machinery. The respective studies, which are being done under the direction of the Ministry of Public Works, are presently in their final phase.

Silver Mines

Subject to the provisions of the Law to Promote Mining that is currently in force, it was reported that bids will be solicited to develop the silver mines discovered in the vicinity of the parish of San Bartolome in the province of Azuay. Authorities are presently establishing the guidelines that will govern the solicitation of bids.

The development of these mines will mean another valuable source of income for the country, besides providing work for many Ecuadoreans and projects for the infrastructure of that rich region.

Other Exploration

Prospecting and mining activities are being carried out in different zones of the country. These projects have led to the discovery of copper and

zinc mines in Molleturo, in Azuay province, antimony in the province of El Oro and manganese in the province of Carchi.

The Ministry, through the General Directorate of Geology and Mines, will also continue with the work of exploration in the mineral-bearing zones of Fierro Urco and Manu in the province of Loja.

8631

CS0: 3010

BRIEFS

NEW CUSTOMS DIRECTOR--Finance Minister Rodrigo Paz yesterday appointed Cesareo Carrera del Rio to be director general of Customs. He replaces Efren Baquerizo Campos, who was dismissed from office by former Finance Minister Fernando Aspiazu on 20 March. Two days later, Jaime Roldos, president of the Republic, asked for the resignations of the two officials, Aspiazu and Baquerizo, in the culmination of a struggle that had been going on between them and had reached its climax. Carrera del Rio will assume his duties immediately. The new official was sports director in his native city of Guayaquil and is the brother of Aurelio Carrera del Rio, substitute deputy for the Nationalist Revolutionary Party, which is headed by former president Carlos Julio Arosemena. [Text] [Quito EL COMERCIO in Spanish 9 Apr 80 p A-15] 8631

CSO: 3010

PRESIDENTIAL SPOKESMAN CONTRASTS DEMOCRACY, LIFE IN CUBA

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 15 Apr 80 pp 3, 4

[Text] The secretary of public relations of the presidency of the republic, newsman Carlos Toledo Vielmann, told the press yesterday that the oppressive situation confronting the Cuban people, as manifested in an irrefutable and eloquent manner by the demand for asylum and for the opportunity to leave their country which 10,000 persons in search of freedom have made to the Peruvian Embassy in Havana, offers an opportunity to formulate the following considerations:

1. The mass desire to flee the Cuban island constitutes an irrefutable example of the failure of Castroism as a political, economic, social and cultural system.
2. The event reveals the unquestionable superiority of the democratic system compared to the communist regime.
3. All the curtains that Castro has drawn before the eyes of the Cuban people have not been able to hide the example of the free peoples of America. The fact is even more eloquent because the desire to flee the island is revealed at this time, after 26 years of government by Fidel Castro.
4. It is obvious that the desire for liberty, as Marti proclaimed it, is still alive, and that today it is translated into the desire of the Cuban people to change the economic and political structures that Castro's communism has imposed on them.
5. The "Marxist paradise" has failed in Cuba, and this is emphasized by the falseness and deceit of the communist indoctrination which the Cubans are trying to extend to other countries in Latin America, following the Soviet expansionist line, of which the Cuban Government is a closely linked instrument.
6. The case of the 10,000 Cubans clamoring for freedom can serve as an example, a lesson, an illustrative act for those groups--especially the youth sectors--who, inadequately informed and deceived by the power of

well-directed propaganda, have come to believe that Castroism is the way to solve the economic, social and political problems of the developing peoples and to gain freedom for human beings. There is nothing more erroneous than the content of such propaganda, whose effect has caused many groups, especially youths, to work against the authentic aspirations of their own people and devote their energies to serving Soviet interests, which Castro represents in America.

In another part of his statements, newsman Toledo Vielmann noted that the oppressive situation which prevails in Cuba contrasts basically with the atmosphere of freedom encouraged by the western democracies and which is vital to the aspirations and interests of the Guatemalan people.

Democratic Guatemala

The following basic differences, the official continued, can be pointed out between Guatemala and Castroism, which is being repudiated by the Cuban people:

a) In our country all citizens have absolute freedom to enter and leave the country. An outstanding example of this fact are the notices which appeared following Holy Week in the papers of the capital, telling of several thousands of Guatemalans leaving for foreign countries to enjoy the Easter Week holiday. In Guatemala, multitudes do not throng to the borders trying to flee their country, as has happened in Cuba, where the citizens take off in small boats, endangering their very lives, seeking the shores of other countries to recover their freedom, with other thousands requesting asylum in embassies. In Guatemala there is absolute freedom of movement, contrary to what is true of communist countries, where the citizens need special permits to travel even within their own districts. A few days ago the press, by the way, told of 450,000 capital residents who are visiting other places within the republic, also during Easter Week. Nobody is prevented from moving about in this country.

b) In Guatemala there is true freedom of speech and propagation of thought. There is complete freedom to dissent, and the broadness of this freedom is such that even subversive organizations publish their manifestoes--in which they even incite to violence--in the normal social communications media.

In Cuba an oppressive system of surveillance and internal spying prevents the citizen from making any verbal expression of disapproval of the Castro regime and its leader, prison being the destination of those who ignore the presence of this oppression.

While thousands of Cubans are seeking refuge in embassies, Guatemala has been a country in which elements of the most diverse political positions have found asylum. That was the case in connection with the recent political events in Nicaragua. First anti-Somozists, and later elements which had supported Somozism, came to Guatemala in the normal course of traveling and also as exiles protected by the right of asylum.

c) The foregoing also reflects the stability of the democratic government of Guatemala and the fact that it is rooted in the popular will, contrary to what occurs in Cuba, where the opening of a narrow gap in the oppressive structure produced the human explosion of 10,000 persons seeking to flee that country.

d) While here elections are held as prescribed by the constitution and the election law and numerous political parties freely take part in them, in Cuba for 25 years the people have known only one government and one political leadership: that of Fidel Castro.

This circumstance indicates dictatorship and the vanity of the political leader.

e) While in Guatemala there is free initiative in the economic field, which brings into play the efforts, intelligence and capabilities of the citizens as coparticipants in the development process, in Cuba there is only a tightly sealed imposition, a regimented leadership, and the state retains the product.

f) In Guatemala there is free trade union activity. Several hundred union organizations are in operation, as well as various labor associations and federations. These entities, according to the laws pertinent thereto, freely present their demands and follow the respective decisions. In Cuba there is only a state system imposed on the worker, who must conform his labor and his actions to the functions, norms and work the state prescribes for him, with wages also fixed by the state.

g) In Guatemala the government is constantly concerned and develops planned and permanent employment to raise the living standard of the sectors with the lowest economic incomes. There is a plan for agrarian reform under way; the number of peasant and artisan cooperatives is growing, minimum wages are established by the government and are periodically revised, and a broad training plan for workers is being developed.

In Cuba the peasant, like all citizens, is in the service of the state, and opportunities for economic improvement are closed to him by government regimentation.

h) In Guatemala there is absolute university and municipal autonomy. Democratic structures and systems include the academic training of youth and freedom of teaching and administration in the universities, as well as the exercise of democracy in municipal governments, just as democratic systems and institutionality inspire, provide norms for and guide the central government.

Toledo Vielmann concluded his statements by saying that such a structure of freedom is unknown in Cuba, where only the Castro oppression is known, to which at the moment the citizens of that country see no other alternative than to flee to other nations.

CUBAN REFUGEES SHOW CASTRO'S FAILURE

More Than 10,000

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 9 Apr 80 p 2

[Editorial: "Ten Thousand Slaps in the Face for Castroism"]

[Text] The arguments presented at the international level by the government of Fidel Castro as an explanation and--apparently--a justification for the global scandal caused by the crowd of 10,000 persons seeking asylum at the Peruvian Embassy and a way to leave their country, are trivial, untrue and even make the regime look a little ridiculous.

The Castro Government says that those who have come to the Peruvian diplomatic mission in search of asylum are vagrants, people who do not want to work, fools, antisocialist elements, criminals and trash.

When someone goes to a certain country as a refugee, he must face an atmosphere which, in spite of the welcome which is extended to the refugee, will always be strange to him and will force him to work, perhaps twice as hard as what living in his native land would demand. It is difficult to believe, therefore, that anyone who decides to seek asylum and to achieve by almost desperate means an exit from his country and admission to another country where he will be obliged to work hard, would be a vagrant who does not want to work.

It is possible that some of the members of the Cuban masses who sought asylum in reality do not want to work to maintain an oppressive police state like that of Fidel Castro, but their desire to work in freedom is expressed in the very act of going as a refugee to another country to seek work there.

The Cuban Government, in its official daily newspaper GRANMA, also states that the 10,000 persons who took refuge in the Peruvian Embassy are criminals.

In Lima and in Caracas, at the respective foreign ministries, it has been noted that even if such a Castroite allegation is true, and supposing that these are criminals seeking asylum, this would still reveal the failure of

Castroism, since it is totally anomalous that there would be such a large number of criminals, not brought to trial, in one country at a given moment.

The fact that the Cuban Government says that the refugees are "antisocialist elements" may indeed reflect the truth, and this permits one to appreciate another eloquent side of the Castro disaster. These people are "antisocialist," or against "socialism" as they know it, and the kind of socialism of which they have been the victims is "Castro socialism."

As for describing them as "fools," as the Castro Government, in GRANMA, calls the refugees at the Peruvian diplomatic mission in Havana, one would have to ask: Who is calling who names?

And in response one would have to consider, among other things, whether a person seeking his freedom can be called a "fool."

REUTERS correspondent Antonio Edelman Monzon, discussing this particular point with the editor of this paper, was very incisive: "On the contrary, he said, the search for freedom is an expression of the intelligence of a person who is conscious of his dignity and of the rights which are his as a human being."

We say here that Fidel Castro and the members of his government can be called "fools" for using seriously such unsubstantial and untenable arguments as they have raised on this occasion.

The defeat of Castroism, which is already being glimpsed, will soon tell us who is committing the sin of being a fool: those who legalized an oppressive and suffocating regime in Cuba, or the Cubans who clearly took control of their own situation and took the steps, although in doing so they ran the dangerous risks, to achieve their freedom by fleeing from Castroism.

Castro's Move Backfires

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 17 Apr 80 pp 3, 11

[Editorial: "Fear Invades Castro Government: Women and Children Hostages"]

[Text] Fidel Castro has received another resounding blow as a consequence of two events. The first was the statements made by the first 253 Cubans who arrived in San Jose, Costa Rica, after first having found refuge in the Peruvian Embassy in Havana and later been given safe conduct to leave Cuba. The other thing which was a setback for Castro was the very measure taken by Castro himself of denying permission to leave to women and minors under 16 years of age who are still in the Peruvian Embassy.

The first of these, or the statements made by the Cubans who arrived in Costa Rica, proved to be a reaffirmation of the total failure of Castroism, now revealed by the testimonial support, the verbal and personal expression of hundreds of citizens of the Antillean island, who emphatically reflect their concern for freedom.

These statements and the sacrifice it means for these people to seek to leave Cuba by any means constitute another landmark which will live on in the history of the human struggle for the precious gift of freedom.

The Cubans disembarked from the plane in San Jose singing, "Freedom! Freedom!" Many kissed the ground at the airport, which bears the name of Juan Santamaria, the hero of freedom, nonintervention and autonomy for Central America.

The stories these Cubans told through local radio stations, correspondents and newsmen who interviewed them are, every one, a revelation of the dramatic failure of Castroism.

We have said that the second rude blow that Fidel Castro received was the result of the measure he himself took with regard to withholding safe conduct from women and from minors of 16 years and under.

This measure was not only called "incoherent" by the Peruvian foreign ministry, but it reflects Castro's fear of a situation which is totally against him.

When Fidel Castro boasted that his government would grant safe conduct to leave Cuba to any citizen of that country who received a visa from Peru, perhaps he still believed that the system imposed by him on the island was accepted among the people.

It is even possible that Fidel Castro thought that the younger generations-- 26 years of age and under, or the amount of time he has been in power-- might have some faith and give a minimum of support to his system. Fidel Castro must have thought, perhaps, that these generations have been isolated from the world, that free information has been prohibited to them, that they have been saturated with the regime's propaganda and that therefore, ignorant of the situation elsewhere, they will always be compelled to live in Cuba, to serve the government and follow the mentality of Castroism.

The defeated Cuban leader may likewise have thought that those over 30 years of age, because of their age, perhaps would not embark on what he must have thought of as an adventure, because fleeing from Cuba is in reality nothing less than that.

All of these considerations led Castro to believe that there was no danger in issuing the announcement regarding letting any Cubans go who received a Peruvian visa.

The result was a bitter surprise for Castro. In a few hours more than 10,000 people had jammed the Peruvian Embassy gardens, seeking exit from the island, and many thousands more were trying to do the same.

Castro had seen that he could not make good on his first announcement. He had to reinforce his policy and withdraw the option from the refugees. Castro saw that every Cuban who achieves his freedom is a loudspeaker for announcing to the world the failure of the Castro system.

Therefore he has not carried out the promised measure. He will not allow women or children under 16 years of age to leave. This means that every man who leaves will have in Cuba--as Castro's hostages--his wife, his children, his mother or his brothers.

Castro thinks that in this way he can silence those who leave the country under the protection of the Peruvian Embassy or any other embassy. Castro's measure is working against him. It reflects the leader's fear and the fact that Cuban Government circles are becoming aware of the failure of the system whose kindnesses have been so loudly touted.

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CSO: 3010

PLIGHT OF CUBAN REFUGEES AT PERUVIAN EMBASSY DISCUSSED

Rejection of Refugees Explained

Guatemala City EL IMPARCIAL in Spanish 9 Apr 80 p 2

[Commentary by Mario Ribas Montes: "Attitudes Toward the Cuban Case"]

[Text] We are sure that the president of the republic, Gen Romeo Lucas, did not intend to irritate anti-Castro Cubans yesterday when he said that Guatemala will not take any of the refugees from the Peruvian Embassy in Havana. Rather, we interpret his statements as an expression of nationalism, given in response to a question, with no other purpose than that of telling the truth about his administration's attitude toward the serious problem which has arisen with the massive asylum granted the Cubans in the aforementioned diplomatic mission.

We believe it is important to point this out so that the Cubans within and outside our country who have always defended Guatemala and are for the most part sympathizers of the present Guatemalan Government, in which they see a permanent ally, will not feel badly. We frequently read in such important newspapers as DIARIO DE LAS AMERICAS, published in Miami, articles openly defending the Guatemalan Government, thanks to the influence of Cuban exiles on the various press organs there. These articles were particularly useful a short time ago, when the anti-Guatemala campaign started by Amnesty International and other institutions of a Marxist bent was in full swing.

We are sure that the Guatemalan Government views with sympathy the Cubans who at this time are going through an anguishing and difficult situation, packed into the Peruvian Embassy with little in the way of comfort or sanitary conditions, and that the refusal to receive them in Guatemala is only an act of prudence in view of our chronic economic difficulties. But in no way could it be believed that the refusal originates in disaffection with a group of human beings who share with the Guatemalan people a series of vicissitudes and also hold the same position toward totalitarianism. We would even dare to affirm that our government is comforted by the discrediting of a regime such as Castro's, which has been one of its principal tormentors, not only publicly, but subversively as well.

As was to be expected, the granting of asylum to such a large number of persons in a diplomatic embassy was bound to cause an international uproar, especially since it happened in a country which for many years has been setting itself up as an example, on behalf of Marxist thought, for the rest of this hemisphere. Anticomunist governments and some which are socialist have taken advantage of the opportunity to publicize this true image of the communist regime. No other event could have so muddled Castro's image as the disapproval implicit in the attitude of 10,000 Cubans anxious to go into exile.

We see, on the one hand, the Andean Pact bloc, above all Peru and Venezuela, using the circumstances to discuss with Cuba from an advantageous point the differences which have arisen in the last few months precisely because of the demand for asylum by Cubans who oppose Castro. Other governments of Latin America have announced their desire to aid the Cuban refugees, not only for political, but for humanitarian reasons. The only ones who have remained "in shock," astonished by the raw facts, are those "useful fools" and "fellow travelers" who, because of inertia, bad faith or ignorance, are accustomed to making excuses for the communist regimes.

In many "snob" circles in Latin America it had been accepted that the Cuban people lived in pleasant conditions, enjoying a maximum of social justice and the protection of the state. The mass flight has just demonstrated that this idea is a fallacy and that, on the contrary, the Cubans do not accept the imposition of a system which is repugnant to human nature.

We hope the idea will be accepted of establishing an air bridge to bring the 10,000 refugees out of Cuba, as well as those who doubtless will seek their freedom in the future by going to other countries in what appears to be an uncontrollable flood.

Significance of Refugees Explained

Guatemala City PRENSA LIBRE in Spanish 18 Apr 80 p 10

[Commentary by Alvaro Contreras Velez: "Cuba: From Fear to an Attack"]

[Text] The tumultuous occupation of the Peruvian Embassy in Havana could be the beginning of the popular rebellion against the communist regime of Fidel Castro, according to the reasonable conjectures of Cubans residing in Miami. The action, in which more than 10,000 persons--men, women and children--took part, cannot be considered a spontaneous and isolated act, but rather a tactical and strategic plan, well conceived and even better executed.

The gradual invasion of the Peruvian diplomatic mission, which began with 20 citizens and culminated with an unprecedented figure in the history of the right of asylum in Latin America, means that the Cubans have now lost their fear of the tyranny and, resolved to carry this to the end, have passed from the fear stage to that of attack.

It is evident that the 10,000 Cubans who gave examples of heroism in challenging a surprised and outwitted police force in a way which is not easy to explain, have behind them many other thousands willing to follow their example and to give their all for all in the struggle for freedom.

They have confirmed, in addition, what the entire world knows: that the Cuban people are not communist and that the only justification for their submission to the yoke of Castroism lies in the absolutism of a regime which implacably and ferociously imprisons or kills those who oppose it.

It is suspected, in addition, that the refugees may have the protection of people who are with the regime, but who are also tired of putting up with the conditions of oppression and poverty to which they have been subjected for more than 20 years.

The system of communist subjugation which reigns in Cuba functions on the basis of spying and denunciation. The informers--as the Cubans call them--exercise a tyrannical surveillance, house by house, block by block, zone by zone. How, then, did it happen that no one among them discovered what the 10,000 refugees were planning.

This confirms the certainty that the action resulted from a perfectly-elaborated plan, clever and careful to the last detail. If it is difficult to keep a secret between two people, it is more than impossible to keep one among 10,000.

However, the Cubans who lost their fear achieved an unusual degree of secrecy, even with the added disadvantage that, because of his own nature and temperament, the Cuban cannot keep anything to himself. Remember the abortive Bay of Pigs invasion, when, weeks before the operations began, newsmen knew how, when and in what manner the coup was to be pulled off, because their Cuban friends had given them chapter and verse ahead of time. And if the newsmen knew about it, how could Fidel not know it?

We were in the southern city of Knoxville when around midnight on Holy Saturday we caught the tail end of the CBS news broadcast and managed to see and hear the part which alluded to "more than 10,000 Cubans crowded, incredibly and dramatically, into the small building of the Peruvian Embassy."

We could hardly believe it. We thought we were not understanding what, in the perfectly clear English of the speakers, we had heard. It was only on Thursday, 10 April, that we found out in Miami that what we had heard, more than a truth, was fact which shook up the entire world.

With that heroic and desperate act it was demonstrated that Cubans had lost their fear. And from fear to attack is only a few short steps.

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CSO: 3010

FIRST OIL SHIPPED UNDER SPANISH CONTRACT

Mexico City EL DIA in Spanish 15 Apr 80 p 6

[Text] The first shipment of Mexican oil to Spain, which left yesterday, consists of 463,000 barrels of crude representing part of the contract for up to 100,000 barrels a day signed last year by PEMEX [Mexican Petroleum] and the Spanish state enterprise, HISPANOIL.

In Europe, the Madrid press conspicuously played up the news that Spain would in the next few days begin to receive Mexican oil purchased by the Spanish Government.

The morning daily ABC said yesterday that PETROLIBER would soon receive the first shipment. The Monday edition today announced that the Mexican oil contracted for by the government would be arriving.

This will be the first delivery agreed on in the contract signed in January 1979 to supply 25 million tons of PEMEX crude over a 5-year period, or an average 100,000 barrels a day.

Actually, this delivery materialized following a number of successive postponements due to PEMEX's lack of available oil.

The shipment which inaugurates our sales to Spain embarked from the Rabon Grande mooring buoy, located opposite the port of Coatzacoalcas, Veracruz, aboard the tanker "Munatones" with a dead weight of 95,189 tons, belonging to the Spanish company, Northern Oil Company, Incorporated (PETRONOR) of which, as we know, PEMEX is a shareholder and through which we will also supply other European customers.

Furthermore, PEMEX informed us that the 100,000-barrel-a-day volume of deliveries stipulated in the contract will be achieved during the second half of this year, or before next June, and made it clear that sales would be made at prices and under terms of payment set by PEMEX for all its customers.

PEMEX also supplies the Spanish Oil Company, Incorporated (CEPSA) on the Iberian Peninsula with crude.

The Spanish press stresses the fact that, while deliveries may in fact have begun, they will not occur at regular intervals, since PEMEX, alleging force majeure, has advised HISPANOIL of a 10-percent cutback in addition to the one announced earlier, apparently amounting to 50 percent, according to ABC.

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CSO: 3010

MARKETING COSTS CLAIMED WORLD'S HIGHEST

Mexico City EL DIA in Spanish 19 Apr 80 p 7

[Article by Hilda Tapia]

[Text] The cost of agroindustrial distribution in our country is one of the highest in the world due to exaggerated participation of the trade sector in the GNP (31 percent). Small businessmen fundamentally constitute Mexico's trade structure, accounting for 76 percent of the total. The big stores represent 18 percent and those of the public sector barely 6 percent.

This is taken from the study on "Agroindustrial Development in Mexico" completed by the Association of Public Accountants, a work in which it is, moreover, maintained that:

The big commercial chains operate at a level of efficiency that permits them to sell at lower prices than the small businessman and obtain good profit margins. The small businessman is not organized — there are 500,000 such shops — and his prices are 20 percent higher than those of the big stores.

The accountants also mention the fact that the commercial-store chains are located in the big cities and concentrate on meeting the needs of the upper middle and upper classes. The rest of the population does its shopping in the small stores.

This is so because sometimes large-scale production and distribution cannot be adapted to meet the needs of the country, since 80 percent of the country's 100,000 towns have less than 500 inhabitants.

Marketing markups on some products on occasion represent as much as 85 percent of the price the consumer pays, leaving 15 percent for the producer.

These high marketing costs reduce consumers' purchasing power, critically so among the populous classes and in the small population centers.

If current population growth and concentration trends are maintained, in 20 years time the country will have a population of 136 million distributed over 181 towns. Thus 81 percent of the population will be concentrated in 36 cities and 94 percent of this population will be living in cities located in the center and northern part of the country. Consequently, the country's food industry is basically concentrated in two areas: the center and the northeast. However, the biggest farm and livestock production areas are in the northwest, northeast and southeast, that is, everywhere but the center.

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JAPANESE INDUSTRIALIZATION AID ASKED

Mexico City EL SOL DE MEXICO in Spanish 8 Apr 80 p 12-A

[Text] In exchange, supply us with oil, say Japanese experts.

Tokyo, 7 Apr (UPI)—Mexico today asked Japan for aid for its industrial development in exchange for supplying Japan with oil, according to what official sources said today.

These sources noted that the proposal was made to the Japanese authorities by Mexican Secretary of Patrimony and Industrial Development Jose Andres de Oteyza who is in this country on an official visit.

In an agreement signed in Tokyo last August, Mexico committed itself to supplying Japan over a 10-year period with the volume of oil set for 1980, or 100,000 barrels a day. According to our information, Tokyo would like to increase its daily import quota to 200,000 or 300,000 barrels.

Oteyza conferred separately today with Minister of Foreign Affairs Saburo Okita and Prime Minister Masayoshi Ohira. According to Japanese officials, the visiting secretary told Ohira that Mexico needs technological and financial aid in matters relating to the development of industrial projects.

Informed sources said that the Japanese Government has decided to provide Mexico with a \$100-million loan to finance development of that country's metalworking industry.

As reported to us, the Mexican Government has asked Japan to finance part of the \$200-million project to expand the production capacity of the Sicartsa Steel Mill, to manufacture 150,000 tons of steel tubing and to cast 50,000 tons [of iron].

These sources said that it is believed that Ohira will make an official statement on the granting of credit facilities during the visit he is to make to Mexico from the first to the fourth of next month.

Furthermore, the Japanese newspaper KEIZAI said that the Japanese Government has decided to grant Mexico loans worth \$100 million to help it to finance a big steel project.

This paper, specializing in economic affairs, also said that the Japanese Government plans to invest in a consortium of Japanese companies that will be put together to promote the project.

Oteyza arrived yesterday for a 5-day visit at the invitation of the Ministry of Foreign Affairs. He is to meet with Minister of International Trade and Industry Yoshitake Sasaki and other government leaders from the economic sector. He will also visit automobile factories and steel foundries before returning to his country Friday.

Mexico plans to expand a steelworks in Sicoartaa on the Pacific coast from its present capacity of 1.3 million tons to 3 million tons a year at an estimated cost of 450 billion yen (\$1.7 billion).

Other Mexican projects include the construction of blast furnaces and foundries as well as the improvement of port facilities, the electrification of railroads and the development of mining.

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INCREASED TRADE, COOPERATION WITH CANADA SOUGHT

Mexico City EL SOL DE MEXICO in Spanish 8 Apr 80 pp 1-B, 4-B

[Article by Roberto Noriega G.]

[Text] Jose Lopez Portillo and Trudeau to discuss broad agreement plan.

Mexico and Canada are negotiating the signing of a general agreement that will serve as a legal framework for substantially increasing trade and industrial cooperation and will, at the same time, consider the sale of Mexican oil to that country to the extent of 100,000 barrels a day.

The agreement, which Canadian Secretary of State for external Affairs Mark MacGuigan — who discussed the matter yesterday with President Lopez Portillo — is now negotiating, could be signed during the visit the Mexican president will be making to Canada this coming 25, 26, 27 and perhaps 28 May and this document will be the point of departure for developing other collateral projects in the field of energy in general (nuclear and coal), farming and also tourism.

The Canadian secretary of state for external affairs also denied that there was an American proposal to create an economic and political alliance between Mexico, the United States and Canada. "What there is is a proposal made by a few American politicians, but it does not exist at the governmental level," the secretary of state for external affairs said in an interview with reporters at the presidential residence of Los Pinos.

On the other hand, he emphasized the fact that Canada is interested in having trade with Mexico rise to very high volumes. Its trade with the United States is already very large, while its trade with Mexico is small, but the growth potential is sizable and that is why Canada is interested in increasing it. He said that his country is interested in bilateral trade with Mexico, commercial "between us, without having to go through third persons or sources."

MacGuigan, who said that President Lopez Portillo had received him "in a very friendly manner," also noted that "both of our countries have similar

problems inasmuch as each of us has a desire to diversify agreements with the rest of the world and we want to create between our two countries a legal framework that will afford us greater cooperation, not only in the field of energy, but also in all the various branches of the economy."

"After the signing of this general agreement, which we hope will be accomplished during the Mexican president's next visit to Ottawa, we will be able to conclude other agreements that will serve to implement a whole series of projects of mutual benefit to us both," said the Canadian secretary of state for external affairs, who had chatted with the Mexican chief executive for a little more than 25 minutes.

As far as the sale of Mexican oil to Canada is concerned, after making it clear that the matter "is not our primary objective, although we do want to buy fuels from Mexico," he noted that the only guideline the agreement contains sets a volume of 50,000 barrels a day, a temporary figure since they are thinking of going as high as 100,000 barrels a day. Moreover, he said that the agreement proper does not specify delivery dates, although it is hoped that the oil can be received before the onset of next winter.

In any event, the delivery date will be negotiated with Mexico after the signing of the general agreement.

Furthermore, in answer to a specific question, Mr MacGuigan said that the agreement at no point refers to amounts of money. The establishment of a general framework has been discussed which would be divided into two parts: one for energy and the other for industrial cooperation. Other projects would be realized on the basis of this general framework constituted by the agreement.

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NICARAGUA

COMMENTATOR SCORES CONSERVATIVE POSITIONS

Managua BARRICADA in Spanish 21 Apr 80 p 3

[Article by Onofre Guevara]

[Text] By each one of their moves the reactionary cores of conservatism are demonstrating that they are firmly entrenched in their last stronghold: demagoguery. You would have to be away from Nicaragua, have no information about what has happened over the last year or have taken a long nap a la "sleeping beauty" to accept as sincere the "concerns" of the Democratic Conservative Party with regard to Nicaragua's social problems.

In the first place, we must remind ourselves that our health care, educational, and other shortcomings are rooted in the economic and social structure of the dependent capitalism in which our country has been mired. Secondly, the historical rectification of these ills has begun with the revolution.

Where, then, is the sincerity of the conservatives when they "are surprised" by the calamitous state of public health care, at the same time that they "are unaware of" the efforts of the new revolutionary state to resolve it?

We are not going to discuss the technical reasons why one or another measure is the most appropriate to resolve our public health care problems, but we do have to point up the essential shortcomings of the conservatives' position, aside from their repugnant demagogic approach.

For example, assigning a higher priority to public health care than to getting the economy moving again is a bid to confuse and avoid solutions, because although it is true that an ailing body is not well suited to produce, it is even more true that we must obtain the resources we need through the output and work productivity of Nicaraguans, not just from generous gifts or foreign loans, because otherwise we will achieve neither permanent nor general solutions for our health care difficulties.

It is precisely this initial stand taken in the conservative document published in LA PRENSA on Sunday, 20 April, that conceals the demagoguery of the conservatives who only recently began calling themselves democrats. The rest of it is a literary followup to a political framework in which we can see the involvement of the entire reactionary bourgeoisie, in their bid to confuse the country, lacking, as they are, the ability and the arguments to do so in other ways.

Their arguments are closely related to others that sectors opposed to the revolution have already advanced. They are also marked by an eagerness to feign concern for the fate of Nicaraguan workers, a concern that as the ruling economic and political class they never before felt. History indicates that by virtue of their social characteristics they can instead be identified as jointly to blame for all of our problems.

If these bourgeois factions are socially to blame, their guilt is no less evident on an individual basis. If the signers of the document were not so politically blind to reality, they would not dare to spit into the wind, because if it is health care problems that we are talking about...then where has Dr Guido been during the current, objective efforts to improve the health of literacy campaign workers and their pupils in the Nicaraguan countryside? And has Mr Calero Portocarrero forgotten already that not long ago we published a report on the appalling occupational health conditions in the dyes and tints plant that he runs?

What we are saying about these gentlemen also goes for their colleagues, but we are taking them as examples because of their direct responsibility for the demagogic content of the document in question. Nevertheless, it is difficult, not to say impossible, not to see a connection between the overall intentions of the various opponents of the revolution and their alleged concern for the people's health, because, as we already said, it is impossible for them to oppose it head on and, therefore, they have to attack from another flank. And the favorite flank of these groups is currently our country's economic revival program.

We can imagine what the consequences would be for the nation's economy, particularly the program aimed at getting it moving again, if their methods were giving a hearing and implemented by the workers. If, as these fellows think, we cannot spur production with a sick and malnourished work force (which, by the way, is nothing new, because this is the very same condition in which the working class has traditionally lived, for which the social system that they defend is to blame), then output will decline or plummet, thus making it impossible for us to effectively resolve the public health care problem. The revolution itself would fail in the wake of this.

It is clear, then, that the deceitfully humanistic proclamations of these political schemers have an intolerably anachronistic and demagogic basis.

NICARAGUA

ORTEGA, CARRION ON ARMED FORCES IN COUNCIL OF STATE

Managua BARRICADA in Spanish 22 Apr 80 pp 1, 12

[Interview with Defense Minister Humberto Ortega and Deputy Defense Minister Luis Carrion; date and place not given]

[Text] Some minority political sectors have begun to question the participation of the Armed Forces on the Council of State, because, according to them, they ought to be "apolitical."

This hypocritical assertion, which is at variance with the painful reality that Latin America is experiencing, is a manifestation of their bourgeois concept of democracy. In Nicaragua, the historically deprived masses are responsible for guiding the revolutionary process. The Armed Forces are the main safeguard of our people and must participate in our democratic life. Commanders of the Revolution Humberto Ortega, the minister of defense, and Luis Carrion, the deputy defense minister, spoke to us about their participation on the Council of State.

BARRICADA: Why should the Sandinist People's Army have a delegate on the Council of State?

Commander Ortega: In the first place, I want to explain why I feel that the country's Armed Forces ought to be represented on the Council of State. Nicaragua's Armed Forces include not only the Sandinist People's Army but also the police and the other agencies, such as State Security (under the Defense Ministry), that together with the army make up the nation's defenses, the defenses of the revolutionary process.

If our Armed Forces, the forces of public order, the forces that defend this reconstruction process, this revolutionary process, reflect, as

they in fact do, the grass roots nature of this process, the revolutionary nature of this process, I feel that it would be illogical for these forces not to be represented on the Council of State, inasmuch as these forces are not outside the national reconstruction process, the revolutionary process that we, the Armed Forces, are spurring on, because it was, to be exact, the armed people, poorly organized at first but then masterfully organized later in their army, that were a decisive factor in enabling grass roots violence, the violence of the entire nation to topple the tyranny and allow the people to take power.

So then, the Armed Forces in Nicaragua are not alien to our deeply revolutionary process; they are, rather, the soul and backbone of that process, because our finest people are in the army. This army does not serve a family, as it used to. This army represents an entire grass roots process, and it would be absurd for our Armed Forces not to take part in all of the activities, in all of the actions to enhance the revolutionary process and to carry out the programs called for in our national reconstruction efforts.

This is why I feel that the Armed Forces ought to be represented on the Council of State, to help, to contribute, along with the other segments of the state, the nation, the government, the people, to our nation's reconstruction, which is a duty, not just a right, of all those who participated in the revolution.

I see it as a duty, not just a right, for those Nicaraguans, like me, who serve in the Armed Forces, because we also have to concern ourselves with national reconstruction tasks, not just military matters.

BARRICADA: Commander, why do you think that a number of reactionary sectors are opposed to this and are trying to make the Council of State look like the "power" that is lacking in the Reconstruction Government?

Commander Ortega: It so happens that a democratic, revolutionary, people's army, such as the one that we are fostering, is something new in Nicaragua. For over 40 years and in general during the last 100 years or more, Nicaragua was devoid of democratic practices that would have groomed its political sectors, its people in general, to understand this better.

So then, all of this is new to Nicaraguans. Also, some people might be confused, just as there are sectors that are not confused but that are not interested in really democratic practices and see legal procedures and democratic arrangements as tools to satisfy minority political stands or, simply, individual interest groups.

In contrast, the revolution realizes the need to promote the legal and democratic arrangements of the process so that for the first time in Nicaragua we can really undertake these democratic and people's practices that we want to implant, that were so necessary throughout our history, that were so lacking and that today we Sandinists are certain that we are going to be able to implement. We are going to implement them in order to enhance our performance in government, in order to enhance grass roots participation in government and in order to enhance the participation of all the other sectors that are involved in the national reconstruction process.

Commander Carrion: In the first place, what we are asking for is a representative of the Armed Forces as a whole, the Sandinist People's Army and the Armed Forces of the Interior Ministry. Secondly, the soldiers in the Sandinist People's Army are citizens like everyone else and are interested in the development and future of the revolution like everyone else. Therefore, they are fully entitled to express their opinions on the issues that concern the people as a whole.

It is precisely because they are not organized as a political party that they need direct representation on the Council of State and need to assert their voice, the views of the men who risk their lives to defend the revolution. It is unfair for soldiers, the members of the Armed Forces, who give their all to defend the revolution, without demanding anything in return, to be denied their right to express their opinions on the future of the revolution that they themselves are defending. This is the basic reason why the Armed Forces want to have a representative on the Council of State, and all of the people of Nicaragua back them.

BARRICADA: The argument has been advanced that the army should be apolitical. Why is the Sandinist People's Army political?

Commander Carrion: I heard someone (I think it was Mr Dreyfus) say that the army should not be on the Council of State because it should be apolitical. This is refuted by the explanation that I am giving you.

They ought to be represented on the Council of State because, I repeat, they are not represented by any other political party and they are citizens who have their rights, their political right to express their views on the revolution. Our army is political in the very clear sense of its commitment. The army is committed to the interests of our people and to the defense of the revolution, inasmuch as the members of our army are combatants in the war of liberation. These people risked their lives for victory, and they must see to it that

that victory is not corrupted, led astray or frustrated for any reason. Therefore, they have a clear-cut political view of this. They have the Sandinist People's Revolution, they have the people behind them. In this sense, our army is and must be political, because otherwise we would not have any safeguard. Let me cite an example. The supposedly apolitical armies in other countries, like Chile and Argentina, armies with a lengthy tradition of being apolitical, have turned into the pillars propping up the fascist, anti-people and criminal regimes there. In other words, there is no such thing as being apolitical anywhere in the world, and in Latin America, armies are involved in politics.

8743

CSO: 3010

BELAUNDE DEFENDS PAST GOVERNMENT, PRESENT STANDS

Lima CARETAS in Spanish 17 Mar 80 pp 26-32, 68

[Interview with Fernando Belaunde Terry, AP presidential candidate, by Cesar Hildebrandt: "Belaunde Warms Up"]

[Text] We had a 3-hour interview with Fernando Belaunde Terry with moments of tension and loud voices. It was a dialog in which the AP [Popular Action] presidential candidate, a bullfight aficionado, showed that he liked the stimulation of a picador's lance and banderilla.

[Question] A few days ago a CARETAS reporter went out to see what the man in the street thought about you. I have selected only a few opinions, discarding those who called you an agent of imperialism, a political failure, etc. I would like you to listen to these opinions which are basically from sympathizers. Will you?

[Answer] With great pleasure.

(He began to listen to the hour-long survey taken among the people at large by our young reporter, Percy Javier Baldeon.)

"What is your opinion of architect Belaunde?"

(Voice 1): "I think that he should be allowed to have another chance because apparently his government did not finish....He was elected last time and had a good letter of introduction but it went bad on the last page, page 11."

"What do you think is Mr Belaunde's most obvious fault?"

"This man is too passive and lacks character."

"What is your opinion of Belaunde?"

(Voice 2): "He has been a good president and I believe that he should be president again."

"What do you think is his greatest fault?"

"I think he lacks strength of character....Nothing more."

"What is your opinion of Mr Belaunde?"

(Voice 3): "Well, it seems like he is an honest enough politician but very weak in character."

"Do you think that is his main fault?"

"Weakness of character? Yes, because we have the experience of his past government when he had the power and the chance to settle things another way, although not constitutionally."

"What is your opinion of Mr Belaunde Terry?"

(Voice 4): "He seems to be an honest enough person....Of the candidates running now, I believe he is the most gentlemanly."

"Do you think he has any faults?"

"I think he lacks character....It seems to me that he needs a little more force to govern the country....But I have a special feeling for him."

(Belaunde, who had been listening to the tape with visible impatience, asked at this time:)

"Is this an interview of me or the public?"

I tried to placate him: "There is only a little more."

(The tape continued.)

"What is architect Belaunde's most obvious fault?"

(Voice 5): "He is not precise; he is not precise in his opinions."

(Belaunde seemed especially irritated. I turned off the tape recorder and I said:)

"Well, there is more but since you do not seem to want to continue listening to it...."

Belaunde said: "No, I do want to. If you have time, I could listen to anything you want....But I understood that the interview was of me."

[Question] You are usually surrounded by very devoted people who praise you. I wanted you to listen to opinions from people who sympathize with you but have the perspicuity to speak about your faults. As you could see, there is a certain unanimity; you are seen as lacking character.

[Answer] Precisely. The truth is that I look behind me and try to find this mentioned weakness during the most dramatic moments. How did my political career begin? CARETAS cannot forget it because it used this episode on its cover, a cover that dramatized the La Merced ultimatum. This ultimatum was not given to a constitutional and accommodating government; it was given to General Odría's dictatorship. We emerged victorious and CARETAS published an article entitled: "Thus Are Leaders Born." Perhaps this was an exception, but I continue looking back and I see the time when I was attacked after a victory rally in Cuzco. OPINION LIBRE has just published a photograph of that.

[Question] OPINION LIBRE which is now so devoted to you.

[Answer] Yes, but the photograph is from a Cuzco newspaper and the caption recalls what Bourricaud wrote in his book "Poder y sociedad en el Peru contemporaneo" [Power and Society in Contemporary Peru] which honors me by devoting the part called "Beau Geste" to me. He felt it was a "beau geste" when I, although bleeding, did not ask for revenge against my attackers who were in danger of being lynched. I returned to the dais and said: I prefer impunity to injustice. I do not know who attacked me from the shadows and neither do you so I ask for calm. There was a massacre that day--mine. Perhaps I was a little weak. Perhaps I should have asked for punishment and persecution as there was on other occasions. I also remember....

[Question] Later will you talk about the future?

[Answer] You made me listen to opinions about me.

[Question] They were opinions recorded a few days ago.

[Answer] But based on my political action. I am asking if I committed an act of weakness when I jumped in the ocean at El Fronton, with the republican guard watching, and swam to the launch that was supposed to pick me up. I remember that a convict jumped in with me. I had to beg him to return because naturally there were reasons to shoot. I am thinking about what you made me listen to and I believe those opinions spring from one thing--the weakness of not having fallen into the temptation of becoming a dictator. Because a dictatorship was offered to Fernando Belaunde on a silver platter, not once but several times. Fernando Belaunde was offered total and absolute power to dissolve but I did not dissolve it. Perhaps this was a weakness? Blessed be! It is a weakness that honors me.

[Question] You come to political life with a message of renovation, with a progressive and popular message. In 1956 you were the electoral

alternative for change. Don't you feel now, in 1980, like the Prado you fought in 1956?

[Answer] Listen, do not make comparisons! I am a candidate of the people themselves. I never represented any economic interest. I was always a poor professional; my support was the people themselves.

[Question] Do you believe that you are still popular? Do you believe that you still represent the great majorities, the underprivileged sectors, the neediest?

[Answer] You would have to be blind not to have seen the Paseo Colon which is wider than Alfonso Ugarte. You must not have seen Trujillo. If you open the newspaper EL TIEMPO today, you will see a picture of Chepen. The people were, are and will be with us.

[Question] But there are those who do not forget. Page 11, for example.

[Answer] Listen, if you are going to be facetious, fine. You are an intelligent man and I do not believe that an intelligent man would really believe such a story.

[Question] But so far you have not decided whether to call page 11 a lie or a blank page. Have you decided yet?

[Answer] The story about page 11 is a lie.

[Question] But you admitted once that page 11 existed and was blank.

[Answer] Yes, but this whole thing is a cock-and-bull story as is what you have in your hand.

[Question] You are referring to this book by Loret de Mola.

[Answer] You named him, not I.

[Question] To you he is unmentionable, right?

[Answer] I prefer not to remember that name. He once had my trust and called me the best president Peru had, praise with which I have never agreed.

[Question] But if page 11 did not exist....

[Answer] Listen, if you want, we can talk extensively about the matter. First, people try to say that page 11, the cited page 11, was part of the Talara Act. That page was part of a crude oil sales agreement, not the Talara Act. That is the version that the government that succeeded us by force spread and intelligent people have fallen in the trap, even you.

[Question] You said something unfair and generous--that I am intelligent. If you think I am, do not treat me like a fool.

[Answer] Of course, I will not treat you like a fool.

[Question] Good. Because Loret de Mola never said that page 11 belonged to the Talara Act! What Loret de Mola said on page 528 of his book was: "No one who has read what I have related so far will doubt that Peru's security facing the multinational corporations lay in the note or additional clause on page 11...."

[Answer] Wait a second. (Belaunde began to look nervously for a certain paragraph in Loret de Mola's book. The search, at first unfruitful, lasted many minutes. Then the founder of AP said:) I am trying to find the part where the author of this book stated that he took a page from an IPC [International Petroleum Company] memorandum one day when he went to the IPC to talk to its officials. It is not strange that documents are lost when there are precedents.

[Question] Do you think it is honorable to say that Loret de Mola stole page 11?

[Answer] I did not say it, you did.

[Question] Interpreting your words.

[Answer] Look, I am going to be explicit. The signers are responsible for contracts. Who signed the crude oil sales contract? Mr Espinoza for the IPC and that person whom you have named and whom I do not want to name for the State Petroleum Agency. Those responsible are those who sign the contract! There was no government authorization for that contract. Of course, I do not condemn the contract because it was a good contract. I knew about it.

[Question] You were the president of the republic.

[Answer] Naturally, I knew about it because it was my responsibility to keep the country from having an interruption in its fuel supply. However, there is no supreme resolution or decree authorizing that contract. That contract is the responsibility of the people who signed it. For Peru, the responsibility belongs precisely to the person who made the accusations which are self-accusations. If he signed that contract, he did not have any reason to let a page get lost. If someone is responsible, he is. Now I do not believe that there was anything incorrect in that contract. A political conspiracy led to what was later called the question of page 11.

[Question] You surprise me.

[Answer] What surprises you?

[Question] You are in an electoral campaign, you hope to win the presidency, you hope to win 40 percent of the vote. When a matter which is so delicate for you and your party is mentioned, you say that the contract was the exclusive responsibility of its signers. Don't you think that exempting yourself from responsibilities is part of those faults which the people in the survey mentioned?

[Answer] I have not exempted myself; you are wrong. I said clearly: I knew about the contract and would not have had any problem authorizing it if that had occurred. This was not the procedure because it was a crude oil sales contract between a national and a foreign enterprise. What was expressly authorized by the government was the Talara Act unanimously approved by the Council of Ministers, including the military ministers.

[Question] Who are the pharisees in the AP?

[Answer] There are no pharisees or criminals in the AP.

[Question] But there are populists who say there are pharisees in your party. I have here an open--and published--letter addressed to architect Fernando Belaunde Terry, dated 24 February 1980. The last sentence is: "Architect Belaunde, there are some political pharisees who have infiltrated AP....As populists and with the respect that your leadership deserves from us, we repeat our confidence in AP...." Do you want me to read the signatures?

[Answer] What is that about? Some parliamentary aspiration?

[Question] Parliamentary aspiration? Did you say that?

[Answer] Let me see it.

[Question] I will read it to you: "We are surprised and we do not yet understand the evaluation of the partisan organizations...."

[Answer] (Interrupting sharply) Don't you see? Don't you see? These are parliamentary matters about privileges. A party is democratic; a party listens to what its rank and file says. These are opinions. I, as head of the party, do not share these opinions.

[Question] Fine. You say that AP is a democratic party and it listens to its rank and file. Here is a communique....

[Answer] Whom is the communique from?

[Question] From the Ancash AP committee. It states: "The elimination of these three candidates (named in the above paragraph) is a lamentable attack against democracy and the opinion of the rank and file. The imposed vertical choice governs, without consideration or respect for the results of the AP conventions...."

[Answer] Listen! If you go to any political party, you have to choose 180 candidates for deputies and 60 for senators. It is natural that these decisions will not please everyone.

[Question] Have you ever made a mistake?

[Answer] Many. One of them might have been granting you this interview because I see that you are being very aggressive. Also I see that you come from a magazine that has ignored the events of the past week which I believe have been fundamental in the history of this electoral process.

[Question] What events are you referring to?

[Answer] The trip to Trujillo, the demonstration in Trujillo.

[Question] But you yourself said that what happened in Trujillo, after the demonstration, was a minor incident.

[Answer] Do you think that a demonstration of the size as the one in Trujillo is a secondary event in an electoral process?

[Question] Referring to the alleged aggression against some populists by APFA [American Revolutionary Popular Alliance] gangs, you said it was a minor incident, unpleasant side effects.

[Answer] I am not talking about the incidents. I am talking about the civic act, the largest demonstration held in recent times in the Plaza de Armas in Trujillo.

[Question] You confide more in meetings than in surveys?

[Answer] I take surveys with a grain of salt. I trust in the strength of the AP which I can feel every day.

[Question] How do you feel it?

[Answer] When I go out, the people ask me for my autograph. I have just been to the post office. I signed about 10 or 15 autographs on the corner while waiting for my car. The devotion of the people in Trujillo, for example, is another indication.

[Question] Was it through generosity that you called what occurred after the meeting in Trujillo a simple incident?

[Answer] No. Look, that is a very serious matter. I do not want to make accusations and I am waiting for the police, but it is a serious matter. That was done by criminals.

[Question] Who is responsible for it?

[Answer] Well, I cannot tell you. I cannot tell you.

[Question] But there are populists who say that it was APRA members.

[Answer] Well, I personally cannot say that because it would be necessary....What I know, what I can tell you, is that Dr Manchego Bravo is badly hurt.

(After a long and eloquent explanation about his program for a million jobs, omitted here for reasons of space, Belaunde found the passage he was looking for in Loret de Mola's book, thanks to the diligent help of his wife Violeta. I told him that his eyes were shining as if he had found the way to salvation.)

He said: "It is very important background." He began to read: "As you can see, I said at the end of the reading, what the president said is very clear. There is where you are poorly informed, said James Dean. Your president did not tell the whole truth to congress, only the part favorable to Peru. The agreement we reached is different. He immediately went to Mr Espinoza's desk and took out a Xerox copy of a document marked confidential and dated 25 July 1968, 3 days before the message to congress...."

[Question] And?

[Answer] Here comes the good part. "When I took the copy, I realized that there was another stuck to it which Mr Dean had not noticed. When he made me return the copy, /I could keep the copy attached"/ (in italics). (The italics show the dramatic tone with which the AP candidate spoke those words. Then he hit the table and asked:) What does that look like to you? Do you think someone with that background can accuse Fernando Belaunde Terry? Accuse him of taking a page when here there is a confession that he himself took a page another time?

[Question] What does that prove? What does what you read prove?

[Answer] That he took a page!

[Question] But it was not page 11!

[Answer] He that steals an egg will steal an ox! He that steals an egg will steal an ox!

[Question] That is easy to say but difficult to prove.

[Answer] He that steals an egg will steal an ox! That is a very old proverb. It has the wisdom of Spanish proverbs.

[Question] You are so devoted to proverbs....And pretty phrases.

[Answer] Why not? It has been said that a thing of beauty is a joy forever.

[Question] Does what I am going to read to you seem beautiful? It is a quote from your recent speech in Lima: "And in front of me, the great admiral, Christopher Columbus, immortalized in marble, sails this memorable night on an effervescent ocean, an uncontainable human sea...." Of course, this phrase sounds beautiful to you.

[Answer] It sounds descriptive of reality to me. Let us look at the photographs. (Belaunde brought a photograph in which the statue of Columbus seems to float over the crowd.) I referred to this so the phrase is documented.

(I told Belaunde that there are those who have never been able to understand the so-called populist doctrine and I am one of them. I quoted one of Francisco Miro Quesada's particularly tautological phrases. The architect said that, although Miro Quesada--now out of the AP by his own decision--contributed to the doctrine, he was not the party ideologist. Then he said--"to be precise"--that Miro Quesada supported Lavalle's candidacy in 1956. After a professorial prolog in which he talked about Greece and Rome, for example, Belaunde stated:)

[Answer] As doctrine for Peru, we maintain that our constant teacher is Peru, a country that had the ability to overcome the geographic challenge, to organize itself in spite of the geographic challenge, without receiving the sacred call from anyone, as Boudin said. This is a country that has certain aptitudes. Its land has certain yields, inspirations, and we believe that not only the Peru of yesterday but that of today and tomorrow is a country that has the capacity to originate doctrine. That is our point of view.

[Question] What is the difference between the so-called Tahuantisuyo nostalgia of Roger Caceres and the populist doctrine?

[Answer] In the first place, he, a quinquagenarian, discovered Tahuantisuyo before he was a Christian democrat. In the second place, we do not limit ourselves to Tahuantisuyo which is a stage in the life of Peru. We take Peru as doctrine, the Peru of yesterday, today and tomorrow. We believe that this country has very individual problems. As Larranaga said, it is a mixture of the Sahara desert, the Himalayas and the African Congo with a very high Andean barrier. All this is a challenge.

[Question] Let us talk about what happened in recent years. I do not think I have been able to find, in recent months, a very clear position about the reforms produced by the military government.

[Answer] To what specific reform are you referring?

[Question] Let's say, the labor community.

[Answer] We say full employment. Our policy will end unemployment. They said labor stability and created widespread labor instability. Ask the several million unemployed what labor stability is. They will burst out laughing.

[Question] Then would you eliminate the labor community?

[Answer] No, I would not eliminate the labor community. I would change its philosophy. I would change decreed industriousness, with real hunger, to an operating industriousness with collection of wages and full employment. As long as there is unemployment, there is no sure social victory and there is depreciation of labor. The first priority is full employment.

[Question] Have you ever played soccer?

[Answer] Not much.

[Question] Have you ever been a forward?

[Answer] No, not really. My sports inclinations lie elsewhere.

[Question] Then why do you dribble with my questions?

[Answer] I cannot please you; I am sorry. You want me to say yes.

[Question] No, what I want is for you to answer me about what you are going to do with the labor community.

[Answer] The labor community is going to continue but that will not be our fundamental objective. We will be satisfied when there is no unemployment.

[Question] What is the substantial difference between your party's programs and those of the PPC [Popular Christian Party]?

[Answer] I understand that the PPC is a social Christian party. This means it is tied to the papal encyclicals.

[Question] Yes, especially those of the 19th century.

[Answer] Tied to personalities like De Gasperi and Adenauer.

[Question] And Joseph Strauss.

[Answer] Yes, those are the sources of inspiration for the PPC. Ours is Peru as a doctrine.

[Question] Would you return the agricultural industrial complexes to private hands as the PPC would?

[Answer] We would not do that.

[Question] Would you say, as Javier Arias Steila said, that the PPC is a rightist party?

[Answer] I do not make that type of classification; it seems obsolete to me. I believe that there are parties that are going forward and there are parties that are going backward. I believe that the PPC is a progressive party.

[Question] Some AP spokesmen have agreed with the PPC about the need to make state enterprises private again.

[Answer] Some, some.

[Question] There are 170. How many would you make private again?

[Answer] Surely half, at least half.

[Question] What criterion would you use to determine that?

[Answer] In the first place, I would use the criterion that the state should not assume the debts of organizations that are supposed to be autonomous or semiautonomous.

[Question] Like what?

[Answer] For example, the newspapers.

[Question] But the newspapers represent a political problem. I am referring to enterprises. Let's talk about cement, for example.

[Answer] Look, cement has been handled with an intermediate process which does not seem bad to me. I believe that there should be absolute freedom to establish cement factories in the jungle.

[Question] About your admiration for the United States....

[Answer] Admiration of the people, not the government, not the State Department, not the CIA.

[Question] Well, about your admiration....

[Answer] Pardon the interruption, but I also admire other peoples. I am a great admirer of England, Italy, France and Spain. My first affection is obviously for the motherland. I like France because of my primary education. I like England because of its industrial leadership and Germany because of its discipline. And the United States for dignifying work. If I were a laborer, I would prefer to be a laborer in the United States rather than in the Soviet Union.

[Question] Well, I again take up the question that I was going to ask you a few minutes ago. Why did U.S. advisers come to help the Peruvian Army against the subversive outbreak in 1965?

[Answer] Advisers have always come since Pierola established the French military mission. Now there are Russian advisers who are training our army in the use of the weapons that it has acquired. During my government, we never had foreign combat forces in the country as has been said irresponsibly.

[Question] They did not come dressed as Rangers but they came. They came as advisers.

[Answer] Of course, advisers could have come with the equipment. Now there are advisers of many nationalities with the military equipment that has been acquired.

[Question] You love books.

[Answer] To a certain degree. I am not an inveterate reader.

[Question] Why, then, didn't you repeal the Supreme Resolution of 7 September 1960 that led to book burning when you became president?

[Answer] No, not burning, not burning.

[Question] To "destroy" books.

[Answer] That is your imagination as a writer.

[Question] Do you want me to read the resolution?

[Answer] Does it say burn?

[Question] It says destroy. And burning is a way to destroy.

[Answer] Whose signature is on that supreme resolution?

[Question] Manuel Prado.

[Answer] There!

[Question] But I asked you why you didn't repeal it.

[Answer] I did repeal it.

[Question] Loret de Mola and Mejia Baca might be enemies of your government, but here is a wire from FRANCE PRESSE dated July 1967 which states: "The procedures of the Holy Inquisition continue in Peru where bonfires

are constantly lit with literature considered potentially harmful...."
What do you think?

[Answer] It seems to me that that was a biased correspondent. Where were those bonfires? Do you believe that there is any Peruvian who thinks that I, Fernando Belaunde, ordered books burned?

[Question] You, no, but Javier Alva.

[Answer] No! Javier Alva is a proven democrat. Since he was young, Javier Alva has fought for his convictions. Before he knew me, he had already spent a long time at El Fronton. Javier Alva is a man who proved his convictions and his virility when he was exiled two or three times and always returned to Peru. People like that must be respected; they are rare.

[Question] When did you repeal that supreme resolution that authorized the destruction of books?

[Answer] When I learned of it.

[Question] What year was that?

[Answer] Well, at the end of the government when I was informed of it.

[Question] You mean this supreme resolution was in effect during the 5 years of your government.

[Answer] I never was told that this had occurred. What I was told was that during my government a manual on how to make Molotov cocktails circulated. Surely that manual has fallen into the criminal hands of those who burned Mr Manchego Bravo.

[Question] Is it true that you said that you would not allow General Hoyos to be an active member of the armed forces if you were president?

[Answer] I have not said anything like that. I do not know General Hoyos. Concerning the coup, I had contact with two soldiers who proved their insurrection to me through their presence and received the verbal sanction that history has already recorded. Those men are in retirement. As to responsibility for the coup, the regulations say that only the superior who gives the order is responsible. The only one responsible has already died so, for me, that matter is over.

[Question] Don't you feel at times that you are no longer connected to what you continue to call the in-depth Peru? More directly, don't you feel a certain vengefulness? Don't you feel that they want to involve you?

[Answer] No, because the masses that surround me are diverse and the man of the people predominates. We have attracted masses without resentment,

without vengeance. We have attracted masses by discovering not inferiority--economic and nutritional inferiority--but basically the spiritual superiority of the people. That superiority permits the construction of projects for the common good, schools and roads, which I have summarized in the phrase: the people did it.

[Question] Do you believe that that is enough now?

[Answer] It is not enough. But it is, as I have said, the most illustrious civic tradition in Peru. Our cornerstone is popular action, action where the people are superior, where--in spite of their poverty, in spite of their illiteracy--they are superior, they are master.

[Question] In general, is your opinion about what has happened in the country these past 11 years calmer now?

[Answer] In the first place, I am a calm man. Now, the government requires a lot of calmness and patience. The Peru of today is a more difficult, more populated country with deep-seated problems. In recent years there have been situations that will not always remain the same. I mean, for example, that the agrarian reform cannot be just a problem of ownership. It is necessary to stimulate production. It is necessary to develop what I call a nutrition ethics. It is necessary to achieve synchronization between the mouths that are born and the seeds that are planted.

[Question] This new calmness with which you more or less judge what the military has done, does it also spring from your talks with the military leaders?

[Answer] No. In those talks I carried a demand to reestablish freedom of the press; I carried a protest about electoral dispersion. Now, I believe there has been agreement about the need to create a climate that makes a broad government possible. Also we said that the Peruvian model oil contracts had to be revised. If oil becomes an issue, a problem connected to that subject should not be handed down to the next government. The talks have been cordial.

[Question] And they have been part of your reconciliation with the armed forces.

[Answer] Look, I have not had any disputes with the armed forces, just with some soldiers, especially my successor who rests in peace.

[Question] Then you continue to be the man who, in 1963, obtained the ostensible support of the rifles.

[Answer] There was no such ostensible support. The fact that my candidacy and statements pleased the armed forces because of my nationalism and close tie to the land and the man of Peru is one thing. But I do not owe electoral favors to anyone except the Peruvian people.

7717

CS0: 3010

PERUVIAN CP, OTHER GROUPS EXPRESS SOLIDARITY WITH CUBA

FL051522 Havana Domestic Service in Spanish 1417 GMT 5 May 80

[Text] A meeting of solidarity to mark the 19th anniversary of Cuba's victory at Playa Giron in Lima, Peru, turned into a demonstration openly denouncing the U.S. Government's maneuvers against the Cuban revolution.

The Peruvian Peace Movement, the Graphics Federation and the National Front for the Defense of Peruvian Journalists sponsored the meeting which was closed by the deputy secretary general of the Peruvian Communist Party [PCP] Raul Acosta Salas, at a local theater. The hymns of Peru and Cuba, the Internationale, flags of the two countries and the slogan "Giron, fatherland or death" were the backdrop to the meeting during which scores of messages of solidarity were read. Eight speakers participated.

It was the combative march in Havana when over a million persons orderly filed past the Peruvian Embassy which forced the United States to suspend Solid Shield 80 maneuvers, the Peruvian communist leader said. Acosta Salas asserted that in January 1959, the Cuban revolution burst into the Latin American scene to change its continental destiny. He also recounted the first years of struggle and the Yankee aggressions. He pointed out that today, 21 years after, without ever ceasing from harassing and trying to attack Cuba, imperialism once more comes up with its threatening--now suspended--maneuvers, which were really a rehearsal to invade Cuba.

The communist leader harshly criticized the present Peruvian Government in both its domestic and foreign policies, and urged a redoubling of popular solidarity with Cuba. The PCP, faithful to its internationalist spirit, gives and will give all its support to the Cuban revolution headed by its top leader, Fidel Castro, the Peruvian leader concluded.

All speakers participating in the meeting of solidarity with Cuba highlighted the need to maintain at present a militant and broad solidarity with the Cuban revolution as well as with Nicaragua and Grenada, and also with the struggle of the Salvadoran people. Messages from the Student-Peasant-Workers Popular Front, of the Proletarian Revolutionary Organization [Organizacion Proletaria Revolucionaria], of the Socialist Political Action

[Accion Política Socialista] and the Socialist Revolutionary Action were read at the meeting.

The committees of solidarity with Nicaragua, El Salvador, and other Latin American peoples also sent messages of support of the Cuban revolution, denouncing U.S. aggressions and the danger of the canceled Yankee military maneuvers. Homage was also paid to the late Cuban soldier Pedro Ortiz Cabrera.

CSO: 3010

PERU

PERUVIAN WORKERS OPPOSED TO BREAK IN RELATIONS WITH CUBA

FL022342 Havana Domestic Service in Spanish 2300 GMT 2 May 80

[Excerpts] A meeting of solidarity against the imperialist military maneuvers in the Caribbean was held today at Havana's Palace of Conventions with the participation of foreign delegations invited for the 1 May celebrations.

Speaking at the meeting, the delegate of the Peruvian trade unions, Faustino (Sigvas Moran) said: [Begin recording] What happened at the embassies of Peru and Venezuela is a demonstration of how imperialism provokes the Cuban revolution. We Peruvians ask ourselves: Why was the Peruvian Embassy chosen for these evil actions? The answer is very simple. It knows very well that the popular forces are moving forward more each day and we workers are waging a constant struggle to demand from the government respect for our rights such as just wage increases to face the economic crisis affecting our homes, a crisis imposed by the International Monetary Fund dominated by Yankee imperialism and the (?antinational) and oligarchic forces of Peru. Unfortunately, the military government has placed these lumpen, bums and scum in a children's park bearing the name of one of the martyrs of our independence, Tupac Amaru. The response of the working class organized under the banner of the Confederation of Workers of Peru and leftist parties including the Peruvian Communist Party has been public protests held on 18 and 30 April. We have asked the government to send these lumpen, antisocial individuals, homosexuals and scum to the big, luxurious mansions owned by the oligarchs who pretend to be Christians and humanitarians. The right, making the most of this opportunity, is asking that relations with Cuba be broken. But the Peruvian working class will respond if the military government accepts those terms. [End recording]

CSO: 3010

GUERRILLA THREAT ALLEGED TO BE MILITARY HOAX

Lima EQUIS X in Spanish 12-18 Mar 80 pp 5,6

[Article by Guido Romero]

[Text] There have been guerrilla outbreaks in at least three areas of the country, and the army knows exactly how many troops the guerrillas have, what their firepower is and where they are located. This report was given to EQUIS X by an unidentified military source who refrained from giving any further details.

We have been able to ascertain through other leads, however, that the guerrilla actions have taken place in the Cajamarca, Ayacucho and Pasco regions. In the first place, the guerrillas are alleged to be supported by the so-called "Peasant Patrols." Closely related to these, but not to be confused with them, it is alleged, is a group of well-trained guerrillas supplied with good field weapons. For a year, more or less, the army has sent special forces there to reconnoitre the countryside and investigate the rumors which have been circulating about the insurgents. But a short time ago a battalion of "rangers" arrived at the zone, under the command of a captain affectionately called "Britzo" by his colleagues.

Airborne Troops and "Sinchis"

From Pasco it is learned that the guerrillas are extremely mobile, elusive and difficult to locate with exactitude. A company of the Airborne Division is said to have been there for more than a month with a primary mission of surveillance. With respect to the guerrillas in Ayacucho, it is rumored that they are being observed constantly by a group of "Sinchis" and by certain specially trained army officers.

In all three cases, it is said to be a matter, not of improvised groups, but of formations with an apparently high level of combat readiness. There are, allegedly, physical training camps which are quite "professional." They are said to have light automatic weapons and, surprisingly, some small bazookas, the source of which might be a matter for investigation.

The army command, then, is totally informed of the situation. The units assigned to follow the guerrilla activities are said to do so on a day-to-day basis, sending detailed reports, including photographs, with an evaluation of the power and danger presented by the guerrillas. However, that command is alleged to have adopted the tactic of not entering into contact with the guerrillas, but rather of carrying out investigation and surveillance for an indefinite period. The guerrillas are supposed to be ultra-leftist oriented, with Maoist origins.

Waiting For the Right Moment

The tactic of avoiding a confrontation and of concealing the facts from public opinion gives some support to the most varied, if well-justified, speculations. According to the most persistent rumors there is a sector of the army interested in keeping the "guerrilla case" secret and latent until the appropriate political moment arrives, the fight begins and a big scandal erupts. That moment, naturally, would be the one chosen to pull off a coup, or to frustrate the current electoral process or prevent the democratic regime from being installed next 28 July.

"Something big is in the making," said a military source, referring to the way in which the much-publicized guerrilla problem is being confronted. And to give more veracity to his statement, he described how some very powerful person is alleged to have planned an immediate and efficient surveillance of several active army generals. Gen Arturo La Torre Di Tola is alleged to be among those being watched, according to the source. "These things happen only when something big is being prepared," our friend repeated. And he added one more proof that his speculations are not without foundation: somewhere in San Isidro there is a peaceful mansion where, without anyone's knowledge, the commanders general of the army, navy and air force meet almost weekly. These are, allegedly, strictly private meetings, where the participants arrive in civilian clothes and driving their own vehicles. What do those three very important heads of the armed forces discuss? The delicate subject of whether or not there will be a transfer [of power] and how to face the new situation which arises when a new civilian government takes over here.

Who Is To Decide?

The subject, as everyone knows, is a matter for intense discussion in other, broader meetings. A short time ago--last February--there was a meeting of the regional chiefs along with the commanders of the most important units of the army. Another was announced for the second of this month. The meeting is alleged to have actually been held 2 days later in the ample auditorium of the Army Academic Centers, and not only high-ranking army leaders, but also those of the navy, the air force and the police forces are supposed to have participated in it. The meeting was said to have been deliberative and not resolute. There was, supposedly, a broad discussion of the national political situation and of the prospects of the armed forces in the context of the elections. The report is alleged to have

mentioned a very recent survey taken of the special services of the armed forces, which is said to have thrown favorable support to the APRA [American Revolutionary Popular Alliance], with more than 25 percent of the votes. After the discussions, the officers' questions are said to have been aired and their opinions and recommendations heard. Nothing was decided.

Is there something that need to be decided? The armed forces should not waste their time trying to intervene in the future political life of the country, creating unrest and frustration among the Peruvian people. What must be done, simply, is to plan the retirement, after 18 May, of the prominent officers in public administration. It is time the military understood that if they really are patriots they should not foment the true national tragedy which a return to the coup d'etat would bring.

8735

CSO: 3010

WEEKLY ALLEGES HIGH-LEVEL CORRUPTION

Lima EQUIS X in Spanish 26 Mar 80 pp 10-12

[Text] The case of General GC Passano Nieto, accused of smuggling, has just undergone a complete change, fully confirming the appraisal of Judge Salas Barron, definitely spoiling the maneuvers of the criminals and their accomplices and protectors to exonerate Passano and his collaborators, and bringing to light the smugglers' unsuspected connections, of which they themselves would be mere instruments.

The really decisive move in the trial began when the ad hoc judge now hearing the case, Dr Judith Saldarriaga, whose integrity has long been admired by those who have been closely following the details of this serious affair, received testimony and documentary evidence against Passano and his accomplices and protectors, presented by PIP [Peruvian Investigative Police] Inspector Carlos Tezanos Pinto Hildebrandt, chief of the Airport Division of the Fiscal Police at the time the smuggling took place. The statements and proofs presented by Tezanos Pinto are now part of the file and, by virtue of the same, the former chief of the Fiscal Police, PIP Gen Carlos Acosta Bustamante has been called to testify, and later on others will be called, among them, it is rumored, some high officials of the government very close to Morales Bermudez.

One of the documents so extraordinarily revealed and deposited in court by Tezanos Pinto is Section No 077 - DIETA/PF, signed by Texanos Pinto himself and by PIP High Commissioner Edgar Cordova Ortecho. It is dated 20 June 1979 in Callao and bears the seal "Strictly Confidential." The section in question makes some very important revelations, and for that reason we are transcribing some of its paragraphs here.

Revealing Report

"On 25 June 1979, on Flight No 101 of the Peruvian Airlines Co from Miami, U.S.A., with air manifest No 624-0017920, four (4) packages were received, weighing 8,150 pounds and consigned to the General Directorate of Penal Establishments. They were sent by 'Rovaya International Corp Trans Cargo, Inc.,' based at 7442 North West 8th St, Miami. The shipping declaration stated the contents as 'communications equipment.'

"While the four packages were being transferred from the landing zone of the plane (point of debarkation) to the CORPAC [Airports and Commercial Aviation Corporation] warehouses, the packages came apart because of inadequate packing, and the true contents of three (3) of them was revealed: color television sets made by Zenith and Sony, as well as cartons of Chivas Regal and Swing whiskey.

"On being informed of this, PIP personnel of the Fiscal Police discreetly investigated the report, ascertaining that there were actually four packages-- of which three, because of their poor condition (packing), revealed their true contents--consisting of approximately 120 Zenith and Sony color television sets and cartons of Chivas Regal and Swing whiskey.

"PIP Gen Carlos Acosta Bustamante, director of the Fiscal Police, knowing the problem, and because it concerned a public agency, the General Directorate of Penal Establishments, which is involved in a fraudulent action, met with the Air Customs administrator of the Jorge Chavez International Airport, Luis Hetz Pareja, to arrange the transfer of the aforementioned packages, under customs supervision, to a sealed location so that customs personnel might proceed with their inspection and evaluation and to avoid publicizing the case. (Meeting held on 28 June 1979).

"The request made by the director of the Fiscal Police to the Air Customs administrator had negative results, the latter saying it was not within his power to resolve the matter, since the director general of customs already knew about it, and that it should be treated at a higher level."

Passano Involvement Confirmed

"When the assistant manager of Peruvian Airlines, Manuel Sales Iraola, was questioned, he said the Miami-to-Lima freight charge of \$5,053.00 or its equivalent in domestic currency--which to date had not been paid--should be paid by the consignee and that the party receiving the shipment is Marisol Graner, of the General Directorate of Penal Establishments, who has been notified of the arrival of the packages as per the notation on the Xerox copy of the attached air cargo manifest.

"From a study of the transporter's cargo manifest and that of the receiver, CORPAC, [it concluded that] the latter has violated Article No 40 of the Regulations of the General Customs Law in not having proceeded with an official inventory of the packages which were unloaded in poor outer condition, since there is no document concerning such an inventory and further, since the packages remained in the unloading area when they should have been in the inventory room."

As will be recalled, when the crime was first reported by the press, the smugglers contrived an alibi according to which the true consignee of the packages was one Munoz of Valparaiso, Chile. Judge Salas Barron requested a report on Munoz from INTERPOL, but that report, which indicated that Munoz had not lived in Valparaiso for 10 years and that, on the contrary, he was an official of the Rovaya firm in Miami, was, according to Tezanos

Pinto, made up by high-ranking officials interested in putting a lid on the affair.

It is also known that the chief received heavy pressure from all levels to do everything necessary to exonerate Passano and to free his accomplices and protectors of any involvement. However, the PIP chief, with exemplary honesty and rectitude, refused to have anything to do with the scheme. For that reason, and according to statements made by the director general of the PIP, Lezama Ibanez, he was demoted as a disciplinary measure to duties which, according to Acosta himself, will soon be completely eliminated.

Mafia Vengeance

But the one who directly and in fact upset Passano's and his very highly placed accomplices' attempts to have the smuggling ignored was PIP Inspector Carlos Tezanos Pinto Hildebrandt himself. For this reason he has been the target of the mafiosi's vengeance. Thus it was that when one of his young sons was killed in an accident, the PIP, his own institution, accused him of beating the child to death, and for this reason ordered an autopsy, hoping to turn up something incriminating. Fortunately, the accident was exhaustively probed, and the highly esteemed physician who attended the Tezanos Pinto child, Dr Esteban Roca, proved the real causes of his death.

But Passano's protectors could not leave Tezanos Pinto in peace, so they fabricated the crime for smuggling. They ordered him to transfer a cargo of contraband (color television sets) from one place to another. But the senders in Customs maliciously "forgot" to consign the number of televisions and to list the license plate of the vehicle. Tezanos Pinto delivered what they told him to: 37 color television sets. But shortly afterward he was accused of having appropriated to himself a large number of sets, since the recently filled out manifest indicated there were 237 color television sets delivered to Tezanos Pinto. Also on the manifest was the license number of a vehicle, not the one which carried the merchandise, which was supposedly driven by a driver who also was not the one Tezanos Pinto knew, but rather another, paid to testify against him.

Because of this "crime," the 4th Court of Instruction of Callao, presided over by Dr Raul Valdez Roca, without delving any further into the investigation, has determined that Tezanos Pinto should be arrested. The latter, in the course of his testimony, has shown the true reasons why he is being falsely accused. It is there that he showed how Passano's protectors and accomplices were behind everything--a great revelation that Judge Raul Valdez kept to himself for several weeks. Recently the judge was ordered to hear the Passano case on Thursday, the 20th, when the long period of pertinent investigations is up. What powerful reasons caused Judge Valdez not to transmit such valuable testimony to the proper person in its due and opportune time?

We Will Continue to Report

Fortunately the judge was able to obtain a few days more for the investigation, and for that reason certain other persons will have to parade through

his office. It is hoped that Dr Judith Saldarriaga is not deterred by official positions or dignitaries at any level and that she will call everyone, absolutely everyone, to her office.

There were two factors that caused the attorney general's representatives and the attorney general of Callao to declare that Passano was innocent, since "there was no evidence" to presume the contrary. Those factors were as follows: first, that the packages had not left the international zone and so, not having officially entered the country, they were not contraband; and second, that the actual consignee was the celebrated Munoz. From the official report by Tezanos Pinto, it is clear that the packages did not leave the international zone and that the consignee actually was the Directorate of Penal Establishments, and not any Munoz. Curiously enough, at this point the so-called Munoz got himself a lawyer, who proved to be none other than Dr Lujan Ripol, a member of the Hermoza Moya firm which defended Yaguer, Passano and company. With all this, the National Justice Council, which suspended Judge Salas Barron for his part in the case, is completely smeared in the eyes of the public, which is awaiting an explanation of its conduct.

EQUIS X, in turn, is hoping that the judge, the Callao court and the judiciary, all together, will not hesitate before anything or anybody in establishing the truth and in punishing those responsible, whatever their positions in the state hierarchy, and in the restoration of justice in the case of PIP official Tezanos Pinto, who has been the victim of a dispicable arbitrariness. EQUIS X will continue to report the details of this serious matter.

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CSO: 3010

BRIEFS

EXAMBASSADOR SCORES REFUGEE CUBANS--Former Peruvian ambassador to Cuba Edgardo de Habich has characterized most of the elements who entered the embassy of Peru in Havana as antisocial. He said that these events are part of an international campaign against our country. In statements published by CARETAS, a Peruvian magazine, the former ambassador notes that while he served in Cuba he tried to prevent acts of violence that could hamper the relations between the governments of Lima and Havana. After reaffirming the concept of asylum, that is, the asylum given to a politician whose life or liberty is in danger, Edgardo de Habich noted that this is not the case of the elements who entered the Peruvian Embassy in the Cuban capital. Regarding his decision to persuade 12 persons who entered the Peruvian Embassy in Havana to return to their homes, he stated that he did so sure that the Cuban Government would not repress those persons and because he knew that the Peruvian ministry would take no stand in that regard. Edgardo de Habich also referred to the communique issued under his responsibility according to which the Peruvian Embassy would not receive criminals for the sake of Peruvian-Cuban relations in an effort to prevent what has happened. In the interview published by CARETAS, the former Peruvian ambassador to Cuba states that the withdrawal of the police protection around the Peruvian Embassy resulted from the fact that it became unnecessary since the embassy was giving shelter to those against whom the protection was being given. [Text] [PA251248 Havana International Service in Spanish 0000 GMT 25 Apr 80]

FOREIGN AID, OIL CONTRACTS--International financial organizations and the governments of the Soviet Union, the FRG and other countries are ready to cooperate with the Peruvian Constitutional Government which will emerge from the coming elections, according to Finance Minister Javier Silva Ruete, who returned to Lima yesterday. He indicated that he had detected this attitude during his visits to Hamburg, Moscow and Washington, where he held talks with government officials and representatives of international organizations. With regard to the oil contracts which are being negotiated with the Occidental Petroleum Company, the minister indicated that the negotiations are not about to fail, as had been implied by the journalist who questioned him on the subject. He indicated that he believes that the Peruvian state must obtain a larger share of the oil profits and that if no agreement is reached in renegotiating the contracts, the government will maintain a firm position in defense of Peru's natural resources. [Text] [PY301546 Lima Domestic Service in Spanish 1200 GMT 30 Apr 80]

EXPANSION OF CARIBBEAN AID PROGRAMS STUDIED

Caracas EL UNIVERSAL in Spanish 15 Apr 80 Sec 1 p 21

[Article by A. B.: "Increasing Aid to Caribbean Is Challenge to Venezuela"]

[Text] The Venezuelan Government is interested in increasing its technical, scientific, educational, administrative, tourist, labor or other aid to countries in the Caribbean area so that the assistance it provides may cease being merely quantitative and become qualitative as well, enabling us to demonstrate that we are capable of making an important contribution as well as offering financial aid and oil.

Dr Asdrubal Aguiar, sectorial general director of international cooperation in the Ministry of Foreign Relations, said yesterday that in order to achieve these goals, the office he heads is completing a series of evaluations of commitments made by Venezuela to Caribbean countries for the purpose of making them effective and expanding cooperation.

He said that for the current administration, it is a challenge to increase qualitative aid to countries in the area because there is a general idea that Venezuela is only concerned over offering oil or money to these small nations, forgetting other equally important aspects.

In order to achieve this goal, Ambassador Aguiar has engaged in a series of meetings with different government organizations that in some way have taken on commitments to the neighboring islands, inasmuch as the only way to demonstrate this interest in the Caribbean is by extending such aid.

Ambassador Aguiar was asked if this concern is not aimed at neutralizing any Cuban attempt to increase its influence in the Caribbean and because of Holland's unwillingness to give up the idea of maintaining positions in the area.

The official stated that the Venezuelan Government has been emphatic in this regard because international cooperation corresponds to two exclusive principles: first of all, the achievement of international social justice, by virtue of which we feel obliged, as a country with greater options and alternatives, to provide increased assistance to nations with fewer resources within a specific area such as the Caribbean.

"Second, we have a constitutional commitment, which is that our programs of cooperation and our foreign policy must constitute effective instruments for the promotion of democracy and the achievement of freedoms on a continental scope."

He added that the Venezuelan Government has stated very clearly that the country will not become involved in the game of confrontations over international cooperation, first of all, and second, that if Venezuela's bargaining power serves any purpose at all, it is to prevent the Caribbean area, a very sensitive zone because of the recent independence of emerging nations, from suffering the effects of the cold war or from being turned into a place of ideological and political confrontations, for the area would thereby be weakened instead of remaining integrated and totally united.

Aguiar recalled that in the field of financial cooperation alone, Venezuela has spent \$5.78 billion, 7 percent of the gross national product, and that very little has been said about this aid. If the figure were to be compared with UN indexes on cooperation and assistance from industrialized countries to developing nations, the world organization believes that a mere 2 percent would suffice to change the world, and Venezuela contributes 7 percent!

Aguiar stated that all this aid and cooperation has been extended without demanding anything in return, a fact of which Venezuelans and their government have every right to be proud.

11,464
CSO: 3010

COMMENTARY SEES POSSIBLE SOVIET DESIGNS ON CARIBBEAN

Caracas EL UNIVERSAL in Spanish 15 Apr 80 Sec 1 p 12

[Article by Luis Esteban Rey: "Variations"]

[Text] Storms in the Caribbean

There is sufficient reason for concern over what is happening in the Caribbean and Central America. In that region, there is a mixture of serious internal problems caused by a just rebellion of oppressed and harassed peoples with others of a foreign nature in which the planetary confrontation between the United States and the Soviet Union is becoming apparent. In the latter case, Cuba is one more piece on the playing board. That is why on previous occasions, when the United States "discovered" the presence of a Soviet combat brigade on the island, we maintained that the conflict between the United States and Cuba is not a purely local question, but rather, fits into the framework of the dispute between the two superpowers, making the desirable normalization of the Caribbean more difficult.

The serious situation in El Salvador, the pronouncements made by the government of Grenada, which is closely linked to Cuba, based on what it has been possible to observe, and the agitation on other Caribbean islands, without excluding the French colonies (although France euphemistically labels them "overseas provinces"), are increasingly attracting Washington's attention, precisely at a time when American opinion is more sensitive to "foreign threats" as a result of events in Iran and Afghanistan and prevailing concern over the stability of key countries in the Persian Gulf that have to date been friends of the United States.

The United States has directly accused Cuba of providing weapons to Salvadoran guerrillas through Honduras. This may or may not be true, but the accusation has been made. In a recent speech delivered in the White House before a newly-founded Caribbean-Central America Action Group mainly made up of businessmen and promoted by Florida Governor Bob Graham, President Carter did not hesitate to state that "the Cubans are definitely contributing to violence and instability in the Caribbean region." Carter pointed out that exploitation of discontent and the desire for change in Central America

and the Caribbean are "factors that have created an opening for rash action by a Cuba supported, encouraged and financed by the Soviet Union. We have a tendency not to understand the Cuban threat." The President added that they are concerned over the "threat posed by Cuba in the Caribbean," but that the principal interest of the United States does not lie in responding to threats of this nature. "Our main interest must be the well-being and unselfish relations between Americans of all classes and the people living in that troubled region."

Military Maneuvers by United States

But this statement by Carter in which he would apparently not attribute major importance to the Cuban "threats" did not prevent the scheduling, for the first week in May, of wide-ranging naval and air maneuvers and practice landings in the Caribbean. The operation came as no surprise. The operations had been planned in October 1979 following Washington's reactions to the Soviet brigade's presence in Cuba. It was announced at that time that the United States would set up a Caribbean force based in Key West, Florida, and the capability of responding to "any attempt at a military confrontation in the region" (it is not very clear exactly what this means). In addition, military maneuvers of a broader nature were planned for the area and it was decided that they would be regularly held. The first such maneuvers came shortly thereafter and centered around Guantanamo. Some 3,500 marines participated, along with four amphibious landing craft, tanks, helicopters and a squadron of ten A4 bombers.

But the operation that will take place in the Caribbean in May is much larger and perhaps reflects the increasing concern of the United States over Caribbean and Central American disturbances. This time, 20,000 soldiers will take part, along with 42 boats and 350 planes. The maneuvers include a landing at Guantanamo. Although Cuba was officially notified by the United States of the execution of these maneuvers, the Cuban Government says it feels threatened by this Yankee military maneuver centering on the island, a threat that would extend to "the struggle of the Salvadoran people against the junta." Cuban propaganda has tried to mobilize the people using the pretext of the alleged danger looming over the country, undoubtedly trying to make people forget or minimize the mass asylum at the Peruvian Embassy, which would be an obvious sign of the discontent existing among vast sectors of the population.

We have to suppose that all nations in the Caribbean area have been informed by the United States of these maneuvers and their purpose. They are obviously designed to intimidate. They can be explained by the situation in the Caribbean and Central America where, in addition to El Salvador, Guatemala and Honduras itself are not exempt from conflicts very similar to a civil war. In all those countries, the great landowners, who are closely linked to most reactionary sectors of the armed forces, have for years unleashed a policy of oppression and death directed, not only against the supposedly Marxist movements, but against moderate sectors, many of whose leaders have been assassinated.

Real Problem

But the real problem is not the outbreak of people's insurrections or the fact that for some time, instability has reigned in the Caribbean region and Central America, but rather, the type of governments that might emerge and the use that might be made of such instability of governments by those interested in polarizing our countries, which most people do not want. Is it not possible that the Soviet Union wants to put more fuel on the fire in the region in order to force the United States to do what it did in Afghanistan? The USSR now appears to be guilty of aggression against a nonaligned nation, a Third World nation. How nice it would be if it had company in such feats! In the realm of speculation, anything is possible.

Venezuela's Position

According to the basic guidelines of Venezuela's policy in the Caribbean, our country "should use its bargaining power to prevent the Caribbean from becoming a zone of ideological, political and economic confrontations, given the designs of the different internal and external factors of power, so that the area might preserve its unity and identity as a region, independently of the right of every nation to assert its own personality and national autonomy."

But what does that bargaining power consist of? How can it be implemented? Our country has tried to maintain cordial relations with the Caribbean and Central American nations. It has entered into cooperation agreements with several of them. One of the most important ones was recently made with Nicaragua. In El Salvador, it would appear that the Casa Amarilla is paying more attention to a policy of Christian democratic organization in Latin America than to the one that should be undertaken by the Venezuelan Government, taking care of circumstances that cannot be avoided. By way of example, would it not be possible to seek some form of understanding with the so-called Mass Coordinating Commission? Is the latter refusing? Are its demands excessive? Could the Venezuelan Foreign Ministry explain its precise policy in El Salvador and what steps it has taken to implement it? It is not enough to have a kind of declaration of principles, but rather, concrete action. Could the Andean countries take collective action in search of a nonviolent solution?

We must also ask to what extent good will and intentions come up against -- in addition to the intransigence of local groups -- the already mentioned global confrontation of the superpowers. In this case, the crux of the problem would undoubtedly be Cuba. We therefore come back to where we began and another question is then inevitable: Is Cuba free and sovereign enough to make decisions in its own behalf and at its own risk, based on an actual normalization of its relations with the United States, beginning with the lifting of the blockade and the establishment of diplomatic relations? Unfortunately, we doubt whether Cuba could take such a path. It has many demanding commitments to Moscow, including the 40,000 troops still in Africa.

FRANCE INTERESTED IN HEAVY CRUDE

Caracas EL UNIVERSAL in Spanish 11 Apr 80 Sec 2 p 5

[Text] (VENPRES)--The incorporation of new refining processes into the French petrochemical industry is turning Venezuela's heavy crude oil into an attractive resource for France.

Andre Giraud, French minister of industry and energy, recently stated that the current technological progress of his country "points to the possibility that within the near future, France may buy some 100,000 barrels of heavy crude oil per day from Venezuela."

In a report on France's energy situation published in LA CARTA SEMANAL of the Ministry of Energy and Mining, it is predicted that France's dependency on oil, its main energy product, will last for the next 15 years.

It states that the French market for oil derivatives has expanded over the past three decades with sustained and growing consumption of motor fuel (gasoline, diesel fuel, turbo kerosene), lubricants, asphalts, paraffin and waxes.

However, consumption of fuel oil and diesel fuel for heating dropped as a result of the price increase and the economic recession suffered by that country.

The report goes on to state that the replacement of fuel oil and diesel fuel for heating with the generation of thermoelectricity and energy for heating, both provided to a great extent by nuclear plants, caused an excess of these heavy products on the French market.

The situation forced the French refining industry to set up a plan for changing refining patterns to one similar to the American process allowing it to turn heavy products into lighter ones such as gasoline and motor fuels in great demand on the French and European markets in general.

That is why Venezuelan crude oils will be attractive for the French refiner in the near future.

In 1979, France purchased an average of 15,000 barrels of heavy crudes from Venezuela per day, even though its greatest oil supplier is the Middle East.

It is estimates that by 1985, France will be using the equivalent of 200 million tons of oil within the framework of the energy plan recently proposed by that country. In 1979, France consumed the equivalent of 175 million tons of oil.

The estimated French energy plan for 1985 proposes the consumption of the equivalent of 100 million tons of oil in oil, 40 million in nuclear energy, 6 million in hydraulic energy and the rest in coal and gas.

11,464

CSO: 3010

WORKERS TRAINING FOR AMUAY REFINERY

Caracas EL UNIVERSAL in Spanish 16 Apr 80 Sec 2 p 3

[Text] A broad manpower training program is being carried out by LAGOVEN in the state of Falcon in order to turn a labor force of over 3,000 men into skilled workers who will be involved in the work of modifying refining methods used at the Amuay Refinery (MPRA).

Spokesmen for the company, a subsidiary of PETROVEN [Venezuelan Petroleum Company], announced that in workshops and classrooms set up in the field where new refinery facilities are being built, some 2,800 workers will participate in training courses given by instructors from the contracting company throughout the construction period.

From June 1979 to the present, the training center has graduated 147 welders, 146 carpenters, 92 steelworkers, 75 electricians, 56 structure builders, 189 pipelayers, 14 boilermakers, 34 foremen, 16 instrument makers and 30 heavy equipment operators, making a grand total of 815 skilled workers.

It is estimated that during the training of the 2,800 persons, 660,000 manhours will be used, along with an additional 85,000 manhours of retraining in order that some workers may specialize.

The goal of this human development program is to train the skilled workers needed for construction of the MPRA facilities.

Obviously, when the MPRA project is finished, the country will enjoy an additional benefit with the training of these workers in skills for which there is a great demand on the national market.

Participants are persons who applied for work with the contracting company but who had little or no experience in the construction field. The training they are receiving will enable them to join the roster as skilled workers. In the meantime, they receive a wage during their training, plus the benefits and other conditions included in the collective contract for oil workers.

At the same time, another 500 persons who are part of the professional and technical group that will operate the new facilities are now being trained in the country and abroad in order to guarantee the success of the startup of the MPRA units and continuity of operations of existing units. This group is made up of engineers from different disciplines, refinery operators having graduated from the Petroleum and Petrochemical Training Institute (INAPET) and maintenance personnel having graduated from technical schools or diversified courses of study.

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END

SELECTIVE LIST OF JPRS SERIAL REPORTS

WORLDWIDE SERIAL REPORTS

WORLDWIDE REPORT: Environmental Quality
WORLDWIDE REPORT: Epidemiology
WORLDWIDE REPORT: Law of the Sea
WORLDWIDE REPORT: Nuclear Development and Proliferation
WORLDWIDE REPORT: Telecommunications Policy, Research and Development

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